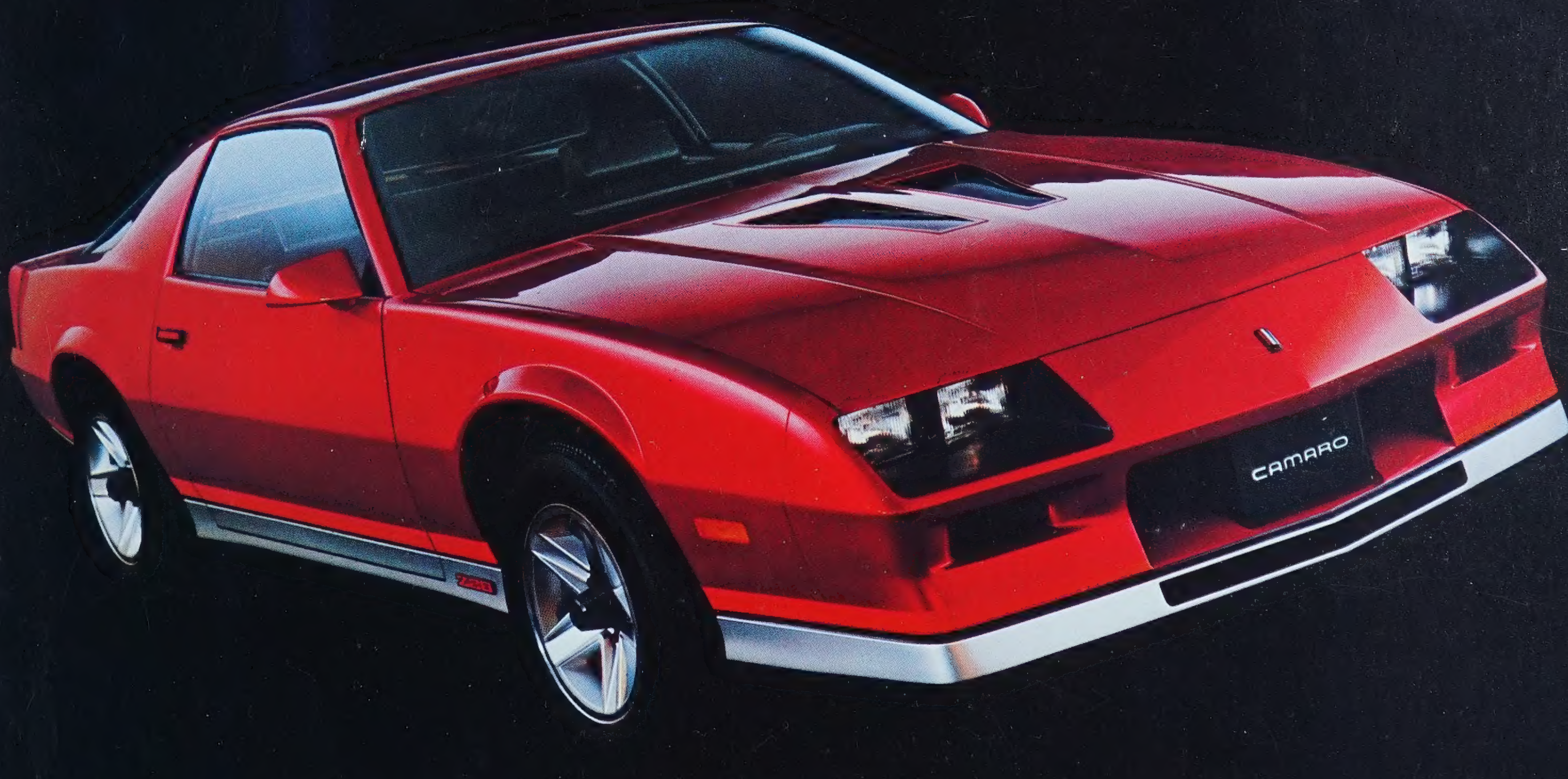
GENERAL MOTORS ANNUAL REPORT 1981

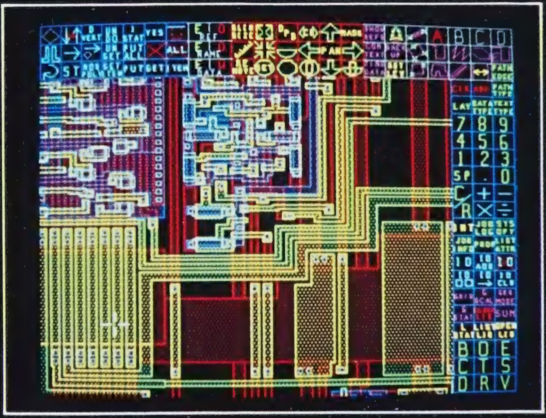


BUICK CENTURY LIMITED Coupe

CONTENTS

COVER: CHEVROLET CAMARO Z28

The theme pictures in this year's Annual Report illustrate the innovative, sophisticated technology being applied by General Motors in the design, development, and manufacture of its products. As an example, engineers can sit before a screen the size of a television set and design the thousands of circuits for an electronic chip (shown at right) with the touch of a few buttons. These tiny chips or integrated circuits are the heart of GM's Computer Command Control system—a new dimension in automotive engine control.



HIGHLIGHTS

(Dollars in Millions Except Per Share and Hourly Amounts)

		1981	1980	1979
Sales of All Products	United States operations			
	Automotive products	$48,803.5	$42,812.0	$51,093.5
	Nonautomotive products	3,233.1	3,456.9	3,389.8
	Defense and space	716.9	655.6	531.5
	Total United States operations	52,753.5	46,924.5	55,014.8
	Canadian operations	8,846.4	8,094.7	8,044.7
	Overseas operations	11,870.5	12,111.1	12,394.4
	Elimination of interarea sales	(10,771.9)	(9,401.8)	(9,142.7)
	Total	$62,698.5	$57,728.5	$66,311.2
	Worldwide automotive products	$58,384.6	$53,173.0	$62,006.6
	Worldwide nonautomotive products	$ 4,313.9	$ 4,555.5	$ 4,304.6
Worldwide Factory Sales of Cars and Trucks (units in thousands)		6,762	7,101	8,993
Net Income (Loss)	Amount	$ 333.4	($ 762.5)	$ 2,892.7
	As a percent of sales	0.5%	(1.3%)	4.4%
	As a percent of stockholders' equity	1.9%	(4.3%)	15.1%
	Earnings (Loss) per share of common stock	$1.07	($2.65)	$10.04
	Dividends per share of common stock	$2.40	$2.95	$ 5.30
Taxes	United States, foreign and other income taxes (credit)	($ 123.1)	($ 385.3)	$ 2,183.4
	Other taxes (principally payroll and property taxes)	2,505.5	2,248.8	2,324.6
	Total	$ 2,382.4	$ 1,863.5	$ 4,508.0
	Taxes per share of common stock	$7.97	$6.37	$15.72
Investment as of December 31	Working capital	$ 1,161.0	$ 3,212.1	$ 6,751.0
	Stockholders' equity	$17,721.1	$17,814.6	$19,179.3
	Book value per share of common stock	$57.21	$58.82	$64.61
Number of Stockholders as of December 31 (in thousands)		1,138	1,191	1,237
Worldwide Employment*	Average number of employes (in thousands)	741	746	853
	Total payrolls	$19,257.0	$17,799.0	$18,851.0
	Payrolls as a percent of sales	30.7%	30.8%	28.4%
	Total cost of an hour worked—U.S. hourly employes	$19.80	$18.45	$15.25
Property	Real estate, plants and equipment—Expenditures	$ 6,563.3	$ 5,160.5	$ 3,351.3
	—Depreciation	$ 1,837.3	$ 1,458.1	$ 1,236.9
	Special tools—Expenditures	$ 3,178.1	$ 2,600.0	$ 2,015.0
	—Amortization	$ 2,568.9	$ 2,719.6	$ 1,950.4
	Total expenditures	$ 9,741.4	$ 7,760.5	$ 5,366.3

*Includes financing and insurance subsidiaries.

S.E.C. Form 10-K

Common stockholders (including beneficial owners) may obtain a copy of the General Motors Corporation Annual Report to the Securities and Exchange Commission on Form 10-K after April 1, 1982. Requests should be addressed to:
Manager, Stockholder Relations
General Motors Corporation
Room 11-229
3044 West Grand Boulevard
Detroit, Michigan 48202
(313-556-2044).

The Statutory Annual Meeting of Stockholders

will be held on May 21, 1982 in Detroit, Michigan.

It is expected that proxy material will be sent to stockholders beginning about April 16, 1982, at which time proxies for use at this meeting will be requested.

Tape Recording of 1981 GM Annual Report

A cassette tape recording of major portions of the 1981 Annual Report is available at no charge for distribution to handicapped persons. Requests should be sent to:
Manager, Stockholder Relations
General Motors Corporation
Room 11-229
3044 West Grand Boulevard
Detroit, Michigan 48202.

1982 Public Interest Report

GM's 12th successive annual accounting of its programs, progress, and goals in various areas of public interest will be available in a booklet "1982 General Motors Public Interest Report" about April 1, 1982. At the same time, information regarding GM's philanthropic activities will be available.

Stockholders wishing to receive either of these materials may write to:
General Motors Corporation
Room 11-227
3044 West Grand Boulevard
Detroit, Michigan 48202.

Principal Offices

General Motors Corporation
(a Delaware Corporation)
3044 West Grand Boulevard
Detroit, Michigan 48202.

767 Fifth Avenue
New York, New York 10153

Stock Transfer Offices

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

National Trust Company Limited
21 King Street, East
Toronto, Ontario M5C 1B3, Canada

National Trust Company Limited
1350 Sherbrooke Street, West
Montreal, Quebec H3G 1J1, Canada

 February 8, 1982

Roger B. Smith F. James McDonald

High interest rates, a deteriorating economy, and a relentless increase in labor rates and material costs prevented 1981 from being a year of real recovery for General Motors. Still, intensified and extraordinary efforts to improve operating performance and record financing and insurance income helped the Corporation earn a profit despite a lower unit volume than that achieved in 1980 when a loss was sustained.

Industry sales of 10.8 million units in the United States were down 6% from 1980, and similar sales declines were experienced in Canada and much of the overseas marketplace. Worldwide retail sales of GM cars and trucks were down 9% at about 6.8 million vehicles.

Following low earnings in the first six months and a significant third-quarter loss, GM returned to modest profitability in the fourth quarter of 1981 to close out the year with earnings of $333.4 million, or $1.07 per share of common stock. This is an improvement of $1,095.9 million, or $3.72 per share, over 1980 when the Corporation lost $762.5 million, or $2.65 per share.

Despite the improvement, 1981 was another difficult and disappointing year. Thus we face the continuing need to improve sales and earnings, as well as to provide the massive capital requirements for the Corporation's vital future product programs.

The discipline required in these difficult times has resulted in a leaner, tighter organization, and General Motors is positioned to move ahead aggressively as the economy recovers. We are continuing with our worldwide program to build new facilities and to modernize and expand our plants in line with the projected demand for vehicles. We have made great progress in our commitment to offer a full line of fuel-efficient vehicles, fully competitive in quality and value, wherever transportation needs and desires can be served. During the past year, GM introduced four entirely new 1982 vehicle lines in the United States and Canada and introduced the Opel Ascona and Vauxhall Cavalier as European versions of the "J" car. In the coming months, when the smaller subcompact "S" cars are introduced, we will be even more competitive in Europe.

At the same time, we are maintaining our commitment to our social responsibilities in such areas as equal employment opportunity and environmental protection.

With respect to the latter, GM and others—including the Environmental Protection Agency—urge changes in the Clean Air Act which are embodied in a bipartisan bill (H.R. 5252). Its passage would ultimately result in lower automobile prices, increased sales, and more jobs—without jeopardizing the achievement of national air quality standards or public health.

We are disappointed that the U.S. Congress did not act in time to permit removal of unnecessary emission control equipment from 1983-model automobiles across the board, but it may not yet be too late for some changes in the 1983 model year. We will do whatever we can to eliminate unnecessary hardware and to lower prices whenever action is taken. Consequently, we applauded President Reagan's call in his State of the Union message for prompt enactment of a responsible Clean Air Act. It is what the country needs.

Certainly, the government has taken steps to help business. However, improvement in General Motors sales and earnings will essentially depend on the solution of economic problems.

While the U.S. recession and continuing high interest rates are expected to result in severe pressures on profitability in the near term, we believe the foundation for recovery is in place. The timing and strength of the

recovery depend on how long it will take for the slowing in inflation to result in improved credit market conditions and higher levels of confidence on the part of consumers and the financial community.

The midyear tax cuts should boost the economy so that 1982, particularly the second half, should be better than 1981. While we sense the worst is over, it is difficult to forecast when all of this will translate into improved auto sales.

Meanwhile, sluggish performance has also been evident in most other principal industrial nations, and improvement in those nations should parallel the recovery in the United States.

So there are signs pointing to the beginning of the road back for the auto industry—and General Motors. It would be unfortunate, however, if expectations of national and international economic recovery taking shape later this year diverted our attention from the compelling need to deal with the economics of our industry, so essential to America's industrial base.

In fact, economic recovery alone, whatever its pace or duration, can no longer be counted on to ensure the Corporation's prosperity in the face of formidable Japanese competition. In 1980 for the first time, and again in 1981, Japan led the United States as the world's largest producer of motor vehicles—in both years by wide margins. In response, General Motors is making basic changes in product, organizational structure, manufacturing processes and facilities, and employe relations.

Without question, noncompetitive labor costs represent the single biggest disadvantage we must overcome. The current labor cost differential in excess of $8 per hour, comparing GM wages and benefits with those of Japanese auto workers and with the average for all U.S. manufacturing workers, represents a disadvantage to General Motors of approximately $8 billion in a typical year. No company can compete for long, and no jobs are safe for long, with that kind of disadvantage.

We were encouraged when the United Auto Workers, recognizing the seriousness of the situation, agreed to negotiations six months earlier than normally would have been the case. But the talks ended in disappointment when the Union's leaders conceded that the Union Bargaining Committee could not reach an agreement in the absence of some critical deadline. Nonetheless, the talks did have a positive result in promoting a better understanding of the issues on the part of both the Union and General Motors.

We were not deterred by the outcome of the negotiations. Responding to the critical need for a market stimulus, General Motors and its salaried employes, suppliers, and participating dealers have teamed together in an unprecedented program to pass along to car and truck buyers in the United States cost savings ranging from $500 to $2,000 over more than half of GM's North American car and truck volume. This "Let's Get Moving" program began February 1 and will run for two months. We look to this program to stimulate sales until the upward thrust of the spring selling season can continue the momentum.

In summary, although 1981 was troublesome, we have made substantial progress. During the year, General Motors returned to profitability despite a lower unit volume than in 1980. The organization is leaner and our product programs are clearly on the right track for today's automotive market, as well as that of the future. General Motors does not intend to settle for anything less than continuing to be the number one automotive company in the world. For those stakes, we travel today's hard road with a confidence rooted in nearly three-quarters of a century of successful service to car buyers around the world.

Roger B. Smith

Chairman

F. James McDonald

President

REVIEW OF OPERATIONS

In a year plagued by high interest rates and protracted economic slowdowns in most industrialized countries, worldwide retail sales of General Motors vehicles in 1981 totaled about 6.8 million units, down 9% from 1980 and 24% from 1979.

Of an estimated 34 million vehicles sold worldwide by all manufacturers* in 1981, General Motors accounted for 20%, compared with 21% in 1980.

GM Unmatched in New Models

General Motors is introducing new models at a pace unmatched by any competitor. These include 29 models in four entirely new 1982 vehicle lines brought to market in the United States and Canada.

The latest all-new products are the front-wheel-drive mid-size cars and the Chevrolet Camaro and Pontiac Firebird models, each of which made its official debut January 14, 1982. The mid-size cars are the Chevrolet Celebrity, Pontiac 6000, Oldsmobile Cutlass Ciera, and Buick Century.

The first of the all-new 1982 car lines was the front-wheel-drive subcompact "J" car introduced in May 1981. The models include the Chevrolet Cavalier, Pontiac J2000, and Cimarron by Cadillac. The Oldsmobile Firenza and Buick Skyhawk will join the "J" car lineup on March 4, 1982.

The other all-new North American line for 1982 was the "S" series of small pickup trucks introduced by Chevrolet and GMC in November 1981. Their production entailed start-up of two plants—a new facility at Shreveport, Louisiana and an additional truck plant at Moraine, Ohio, converted from Frigidaire operations which GM sold in 1979.

GM's North American powertrain developments included six new gasoline and diesel engines introduced in 1981. These range from 1.8 liter 4-cylinder engines—one produced by Chevrolet and another by General Motors do Brasil S.A.—for "J" cars to a rugged 6.2 liter V8 diesel from Chevrolet for light trucks. Other new engines are a 4.3 liter V6 passenger-car diesel from Oldsmobile, a 4.1 liter V8 produced by Cadillac, and a 3.0 liter V6 from Buick.

Overseas, in the United Kingdom, Vauxhall Motors Limited began production of the Astra in November. The Astra is a version of the front-wheel-drive "T" car, which was introduced in the Federal Republic of Germany in 1980. In September, European versions of the "J" car were introduced in the Federal Republic of Germany as the Opel Ascona and in the United Kingdom as the Vauxhall Cavalier. Production of the "J" car also began in Belgium and versions of the "J" car are

*Data in this section exclude the Soviet Union, parts of Eastern Europe, and the People's Republic of China. Combined vehicle sales in these areas were estimated to be approximately 4 million units in 1981.

OLDSMOBILE FIRENZA Hatchback

scheduled for production in Australia, Brazil, South Africa, and Japan.

Retail Sales in the U.S.

The recession and consumer concerns over high interest rates and prices resulting from the current inflation—particularly for buyers returning to the market after several years—were major factors impeding new car sales in the United States.

New car and truck sales for the industry (including foreign-sponsored vehicles) totaled 10.8 million units, down 6% from 1980. Foreign-sponsored cars and trucks accounted for 25% of the 1981 deliveries in the United States, compared with 23% the year before. Foreign-sponsored new car deliveries comprised 27%, compared with 26% in 1980.

General Motors dealers sold over 4.6 million new cars and trucks in the United States in 1981, down 8% from the 5.1 million units sold in 1980. This total was comprised of 3.8 million passenger cars, down 8% from the 4.1 million units sold in 1980, and 847,000 trucks, off 10% from the 940,000 units sold in 1980.

General Motors attained 45% of passenger car sales and 37% of truck sales in the United States in 1981 compared with 46% and 37%, respectively, in 1980.

Despite reduced sales levels, GM models continued to dominate the list of best-selling cars in the United States, either domestic or foreign. Chevrolet Chevette headed the list in 1981 followed by the Chevrolet Citation. The top ten nameplates also included these five others produced by General Motors: Oldsmobile Cutlass Supreme, Chevrolet Malibu, Chevrolet Impala/Caprice, Buick Regal, and the Buick Skylark.

Retail Sales in Canada

High interest rates and a declining economy also adversely affected sales of passenger cars and trucks in Canada during 1981. Industry-wide retail sales of 1.2 million vehicles declined 6% from 1980. Foreign-sponsored imports gained 7 percentage points in penetration, from 17% of industry deliveries in 1980 to 24% in 1981.

Retail sales of cars and trucks by GM dealers in Canada totaled 487,000 units, a decrease of 17% from 1980.

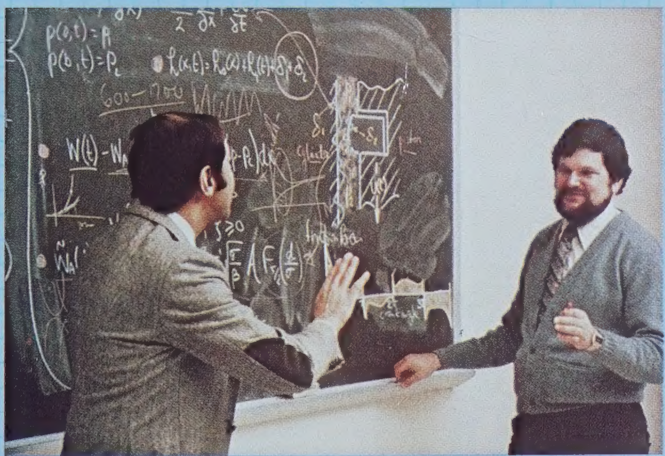
General Motors vehicles accounted for 41% of all new passenger cars and 41% of all new trucks sold in Canada in 1981, compared with 1980 penetration of 47% and 45%, respectively.

Dollar sales in 1981 by General Motors of Canada Limited, expressed in U.S. dollars, totaled a record $8.7 billion, over 7% above the previous record of $8.1 billion set in 1980.

Sales Continue Sluggish Overseas

The slow pace of economic activity which characterized most industrialized countries

RESEARCH, DESIGN, AND ENGINEERING



1

(1) The General Motors Research Laboratories (GMR) staff carries out applied and advanced research to anticipate and meet the future technological needs of GM. (2) At Fisher Body Division, a scale plastic model, 3/8ths actual size, permits designers and engineers to evaluate structural integrity before committing GM resources for steel components. (3) A GMR staff researcher holds a casting that was designed and evaluated on the three-dimensional computerized model located in front of her.

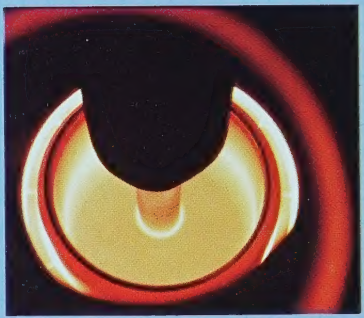
2

3

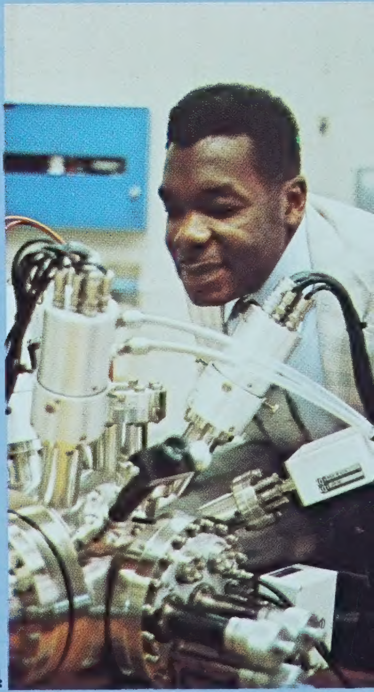
ELECTRONICS


1


2


3

(1) In the "clean room" at Delco Electronics Division, microcircuits are fabricated in conditions that are cleaner than most hospital operating rooms. (2) Chips used in pressure sensors help adjust air/fuel ratio for an automobile traveling in the mountains or at sea level. (3) The fabrication of microcircuits starts when a perfect silicon crystal is pulled from a crucible of molten silicon. (4) The scanning electron microprobe provides instant chemical analysis of the critical layers of an electronic chip.


4

in 1980 continued in 1981. Most major automotive markets overseas were affected by high interest rates, restrictive monetary and fiscal policies designed to control inflation, and higher fuel prices. Furthermore, the trend toward smaller, more fuel-efficient cars continued in 1981. Total industry vehicle sales outside the United States and Canada declined to 22.0 million units, a 2% decrease from 1980.

Overseas retail sales of General Motors vehicles totaled 1.6 million units including 1,276,000 cars and 344,000 trucks, a decrease of 5% from 1980. GM accounted for more than 7% of overseas industry sales, down slightly from 1980.

In Europe, total retail sales by GM subsidiaries amounted to 889,000 cars and trucks, a decrease of 7% from 1980. In the Federal Republic of Germany, Adam Opel's retail sales declined to 381,000 units, or 7% below 1980. In the United Kingdom, vehicle sales by Vauxhall Motors Limited amounted to 158,000 units, a decrease of 11% from 1980.

Despite weak near-term sales results, General Motors remains confident about the long-range outlook for automotive sales in Europe and, accordingly, GM's expansion plans are continuing. In Spain, GM's new small-car assembly plant and three component plants are nearing completion. In Austria, new engine and transmission plants are scheduled to begin operations in mid-1982. Also nearing completion or in operation are new or expanded facilities in Belgium, France, the Federal Republic of Germany, Ireland, and Portugal. In April, GM announced the formation of a new subsidiary in Greece for the assembly, by a contract assembler, of passenger cars and light-duty trucks for sale in that country.

In Latin America, General Motors sales declined to 322,000 cars and trucks, a 14% decrease from 1980. Sales by GM do Brasil S.A. declined 35% to 138,000 units in 1981 following three consecutive record years. As part of GM do Brasil's capacity expansion and new product program, a new 4-cylinder engine plant began operations in July. GM sales in Venezuela increased 5% in 1981 to a record 68,000 units, making GM de Venezuela, C.A. the market leader in that country.

Sales by GM de Mexico, S.A. de C.V. increased 53% to 58,000 cars and trucks, compared with the strike-depressed level of 1980. Increased passenger-car sales also reflected additional capacity at the new vehicle assembly plant in Ramos Arizpe in central Mexico. A new V-6 engine plant, also located in Ramos Arizpe, is beginning production.

In the Pacific region, sales of 204,000 units represented a decline of 3% from 1980. In Australia, sales by General Motors-Holden's Limited were even with last year with Holden's remaining the sales leader for the 29th consecutive year. Production of 4-cylinder engines began in expanded facilities near Melbourne.

In July, GM concluded a previously announced joint-venture agreement in Taiwan to produce heavy-duty trucks, bus chassis, and diesel engines. Construction of a new manufacturing and assembly plant to produce these products began in November. Also in July, GM and Isuzu Motors Limited of Japan observed the tenth anniversary of their affiliation. GM owns a 34.2% equity interest in Isuzu. In October, GM purchased a 5.3% interest in Suzuki Motor Company, Ltd. of Japan, a leading manufacturer of mini-size vehicles.

In the Middle East and Africa, General Motors sold 197,000 vehicles in 1981, an increase of 20%. GM South African (Pty.) Limited posted record sales of 52,000 units, an increase of 22% over 1980.

Overseas retail sales of North American-produced GM vehicles amounted to 223,000 units, a 5% increase over 1980.

Bright Spots in Power Products

Worldwide sales by GM's Power Products Operations were encouraging in 1981 despite the general economic decline and weak automotive sales.

Detroit Diesel Allison Division's (DDAD) diversified products (gas turbine engines, heavy-duty transmissions, and medium- and heavy-duty diesel engines) enabled it to achieve a new high in dollar sales, topping 1980 by over 14%. Bright spots in energy-related markets and defense sales assisted the division in reaching the new mark. Record sales of light helicopter turbine engines, strong sales of off-highway transmissions, and sales of transmissions for the U.S. Army's new M-1 tank contributed significantly. DDAD's increasing international activity was evidenced by the establishment in 1981 of a joint venture to assemble heavy-duty diesel engines in Mexico. The division continues to be the leading U.S. producer of medium- and heavy-duty diesel engines.

GM of Canada's Diesel Division experienced a decline of over 3% in sales dollars from the 1980 record year. During 1981, Diesel Division was one of those selected for a light armored vehicle evaluation program and the Mobile Protected Weapons System Study for the U.S. Marines. Diesel Division manufactures locomotives, transit coaches, off-highway haulers and loaders, and military vehicles.

In 1981, Electro-Motive Division experienced a significant increase in demand for diesel engines for use in oil rigs and industrial applications. In addition, the shipment of diesel locomotive component sets to export associates and licensees established a new unit sales record. These increases partially offset the reduced locomotive volume stemming from the prolonged economic downturn in the United States. As the economy expands and the need for locomotives increases, Electro-Motive Division, the world's largest builder of locomotives, is ready to respond to the railroads' demand for more fuel-efficient, high-horsepower locomotives with its "50" series model introduced in 1980.

Passive Restraint Systems

On October 23, 1981, the U.S. Department of Transportation rescinded a portion of a Federal motor vehicle safety standard which would have required passive restraint systems on all new cars sold in this country, to be phased in over a two-year period beginning in 1982. GM applauded this decision which eliminated the requirement that manufacturers equip all new cars with either air bags or automatic belt systems.

GM has reiterated its conviction that the current seat belts, properly used in cars on the road today, are the most effective answer to occupant protection. In the past decade, GM has made numerous efforts to encourage greater use of seat belts and now has launched a renewed effort. For example, in the U.S., GM has pledged to support the National Highway Traffic Safety Administration's nationwide program to increase seat-belt usage. Some of the public support activities already pledged by GM include: (1) expanding an employe education campaign to emphasize seat-belt and child-restraint usage; (2) adopting a policy of restraint use in company-owned and licensed vehicles; (3) developing a customer information advertisement for newspapers and magazines that will explain the benefits of wearing seat belts; and (4) seeking out new ways to utilize existing channels of communication with the public to encourage increased usage of seat belts.

The Clean Air Act

Throughout 1981, a major effort was made by GM to encourage Congress to amend the Clean Air Act. Authorization of the Act expired at the end of September. A bipartisan bill introduced in the U.S. House of Representatives by Representatives Traxler of Michigan and Hillis of Indiana dealt effectively with the part of the Clean Air Act that relates to cars but was not passed. This bill has essentially been incorporated into H.R. 5252, a new proposal with strong bipartisan support, which among other provisions recommends a return to the 1980 automotive standards of seven grams per mile (gpm) for carbon monoxide and two gpm for oxides of nitrogen. These two revisions would enable General Motors to remove some of the costly emission controls from many new automobiles—with no effect on public health—and could ultimately result in sticker-price reductions.

Preliminary studies indicate that, on an industry-wide basis, every 1% reduction in car prices resulting from emission-related equipment deletions could result in a gain of up to 4,500 auto industry jobs and an additional 9,500 jobs in supplier industries—a total of 14,000 jobs for each 1% cut in price.

Fuel Economy

GM continues to make strides in response to a marketplace which demands fuel-efficient vehicles. For the 1982 model year, the Corporate fleet average fuel economy for all GM new cars sold in the U.S. is estimated at 25.4 miles per gallon (mpg). This is 1.4 mpg above the 1982 model year Federal requirement and an increase of 112% over GM's fleet average for the 1974 base year.

Communicating With GM Stockholders

Since its inception in 1978, GM's program of regional stockholder forums has provided management the opportunity to meet with about 32,000 stockholders and guests at 52 meetings in 41 U.S. and two Canadian cities. The series will continue in the spring of 1982 with visits planned for six cities: Oklahoma City (April 8); Chicago (April 13); Cincinnati (April 23); Cleveland (May 4); Boston (May 12); and Detroit (May 21).

The General Motors Annual Meeting

AERODYNAMICS

2

1

3

GM's Technical Center in Warren, Michigan celebrated its 25th Anniversary in 1981. (1) Located there is the first full-scale aerodynamic wind tunnel in the U.S. auto industry. (2) The 43-foot diameter blade area can create winds of 150 miles per hour. The facility helps GM study the effects of vehicle shape on fuel economy, wind disturbance, ventilation, safety, and engine cooling. (3) The wind tunnel's test section is 70 feet long to assure proper air flow around the vehicle.

OLDSMOBILE DELTA 88 ROYALE BROUGHAM Sedan

of Stockholders is scheduled for the morning of May 21, 1982 at the Fisher Theatre in Detroit. At this statutory meeting, stockholder questions and comments will be limited to matters pertaining to the Election of Directors and to those management and stockholder proposals included on the agenda. There also will be a regional forum, which will be held later the same day at the GM Technical Center in Warren, Michigan. Discussion at the afternoon meeting will center on matters of a general nature relating to the business of the Corporation.

Organizational Changes

To achieve cost reductions and operating efficiencies, the headquarters of the Corporation's finance and insurance operations, General Motors Acceptance Corporation and Motors Insurance Corporation, were transferred from New York to Detroit during the summer of 1981. The move brings these subsidiaries close to the principal operating headquarters of General Motors, where more extensive management, technical, and other facilities are immediately available. Certain employes with responsibilities in borrowing and other financial operations remain in New York.

A major realignment of GM's worldwide truck and bus operations was announced effective July 1, 1981. A new worldwide truck organization has been formed with responsibility for the design, engineering, manufacture, sales, and service of all General Motors trucks, buses, and vans in North America and throughout the world. The move was made to improve efficiency and to enhance GM's competitive position in the attractive markets of transportation around the world. Assigned to the new group are the GMC Truck & Coach Division; Worldwide Truck and Transportation Systems Center, including the Worldwide Truck Project Center; and Vauxhall Motors Limited. The new organization will also coordinate its activities with those of Isuzu Motors Limited.

Two General Motors component divisions, Rochester Products Division and Diesel Equipment Division, were consolidated effective May 1. The new division retains the Rochester Products Division name. The move combines two divisions whose product lines in the field of advanced fuel systems had become increasingly interrelated.

Harrison Radiator Division and Delco Air Conditioning Division—both involved in the development and manufacture of vehicle heating, ventilation, and air conditioning products—were consolidated effective July 1. The new division retains the Harrison Radiator Division name.

In September, the consolidation of AC Delco Division and GM Parts Division into the new Warehousing & Distribution Division was finalized. The new division furnishes service and replacement parts worldwide to four separate General Motors sales activities.

Employment and Payrolls

GM's worldwide employment in 1981 averaged 741,000 men and women with payrolls amounting to a record $19.3 billion. This included 14,900 employes of GM's financing and insurance subsidiaries, whose payrolls amounted to $344.7 million. Average worldwide employment in 1980 was 746,000 and payrolls totaled $17.8 billion, including 14,800 financing and insurance subsidiary employes with a payroll of $316.4 million.

GM's average U.S. hourly-rate employment in 1981 was 384,000 men and women, with payrolls totaling $11.1 billion. This compared with 376,000 employes and payrolls of $9.8 billion in 1980. GM's hourly-rate labor costs in the U.S. in 1981, including benefits, averaged approximately $19.80 per hour worked, compared with approximately $18.45 per hour worked during 1980.

Benefit Plan Contributions

In 1981, GM's contributions for pension plans, health-care coverages, and other employe benefit programs in the U.S. totaled $4.1 billion, compared with the record of $4.4 billion in 1980. This year-to-year reduction primarily reflects lower required pension plan contributions as a result of funding modifications instituted during 1981.

Of the 1981 total, pension plan contributions amounted to $1.4 billion, and the cost of providing health-care coverages amounted to $1.7 billion. The cost of other benefit programs, such as life insurance, sickness and accident insurance, Supplemental Unemployment Benefits, and the Savings-Stock Purchase Program, totaled $1.0 billion in 1981.

Equal Employment Opportunity

General Motors continued its commitment during the year to the concept of equal employment opportunity. Despite the downturn in market conditions and the resultant reduction in U.S. employment, representation of minorities and women at year-end 1981 was virtually unchanged from 1980.

At the end of 1981, minorities represented 19% of GM's total U.S. work force, the same as that reported a year earlier. At year-end 1981, minorities accounted for 12% of white-collar employment and 21% of blue-collar employment, both unchanged from the end of 1980. GM's U.S. employment of women remained at 18%. Representation of women accounted for 23% of white-collar employes and 16% of blue-collar employes, compared with 23% of white-collar employes and 17% of blue-collar employes at year-end 1980.

Changes Affecting Salaried Employes

In light of the difficult challenges facing the Corporation, a number of modifications in salaried policies and benefit programs were recently announced. Following is a summary of the modifications:

- Provisions for Supplemental Time Off and a "floating" holiday (a total of ten days) have been discontinued. For bonus-eligible employes, the additional week of vacation granted in lieu of Supplemental Time Off and the floating holiday also was eliminated.
- Effective January 1, 1982, the cost-of-living allowance (COLA) is no longer payable to classified employes for time not worked (vacations, holidays, and all other absences from work) except when granted a disability leave of absence.
- Effective February 1, 1982, COLA was reduced to the amount in effect on November 30, 1981 and will continue unchanged at that level until November 30, 1982. To preserve equity, the earnings of bonus-eligible employes will be reduced by $135 per month for the same period.
- With regard to health-care benefits, the annual deductibles associated with the Comprehensive Medical Expense Insurance Program have been increased and certain coverages have been limited. Other changes include an increase in employe and retiree contributions to the Program.

Changes also were made to the Savings-Stock Purchase Programs to reduce the earn-out period from 3 to 2½ years and to eliminate certain restrictions and penalties for withdrawals. Also, as a result of tax law changes permitting employes covered by qualified pension plans to participate in Individual Retirement Accounts, the Corporation will offer employes a Personal Retirement Income Plan early in 1982.

In addition to the above modifications, General Motors, in an effort to decrease operating costs, implemented two temporary measures in 1980 which affected salaried employes: (1) a reduction in the rate of Corporation contributions to the Savings-Stock Purchase Programs applicable to salaried employes in the U.S. and Canada (equivalent to a 5% reduction in the salary of most participating employes); and (2) suspension of the merit-increase program for salaried employes worldwide. During 1981, the modification to the Savings-Stock Purchase Programs remained in effect and the merit increase program was not reestablished until May 1, 1981.

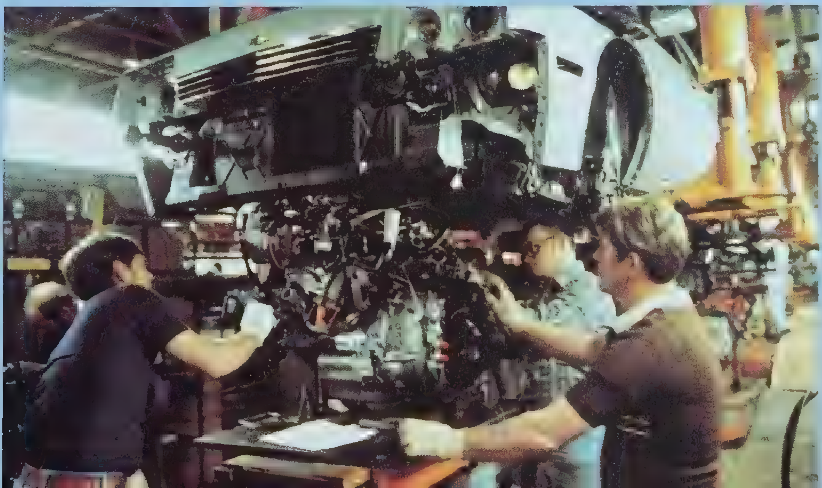
As in 1980, no bonus was awarded to any member of management for 1981. In comparison, the bonus provision for 1979 amounted to $133.8 million.

PONTIAC 6000 LE Sedan

1

MANUFACTURING

2



3

(1) Automated assembly and welding fixtures are built to accept only those incoming components that are correct and to refuse to process components that do not meet specifications. (2) One of GM's most versatile automated systems is the programmable robot painter at the GM Assembly Division plant in Doraville, Georgia. The most advanced of its kind in the world, it can switch from body style to body style, and from color to color, quickly and automatically. (3) The major shift to front-wheel-drive vehicles has created opportunities to incorporate new techniques and new technology, ranging from the design process through final assembly.

FINANCIAL REVIEW: Management's Discussion and Analysis*

Results of Operations

Despite sluggish economies in the United States and major free-world countries and near-record interest rates, General Motors showed an improvement over 1980's loss, reporting a net income in 1981 of $333.4 million.

As detailed in the table on page 13, worldwide factory sales (sales of General Motors cars and trucks to its dealers) in 1981 totaled 6,762,000 units, only 5% below 1980 unit sales but 25% below 1979. Worldwide dollar sales in 1981 were $62.7 billion, 9% above 1980 but 5% below the record achieved in 1979. Dollar sales include price adjustments of $5.0 billion in 1981, $5.0 billion in 1980, and $5.7 billion in 1979, which were offset by decreased year-to-year unit volume in each of the three years.

The table shows the percentage contribution to GM's total worldwide dollar sales, before elimination of interarea sales, by U.S., Canadian, and overseas operations. Automotive products accounted for more than 90% of GM's sales during the last three years.

In analyzing the earnings (loss) for the three years, it should be noted that the two largest cost elements are payments to suppliers (for raw materials and expenses) and the cost of labor. Efforts to control supplier costs, particularly for raw materials and energy, have continued. The cost of labor reflects the three-year U.S. labor agreement reached in September 1979. The agreement provided for general wage increases of an additional 3% in 1981, continuation of the Cost of Living Allowance (COLA), and pension and fringe benefit program increases. The current labor contracts expire in the fall of 1982.

Taxes represent the third largest cost element experienced by the Corporation. The significance of GM's tax burden is illustrated by comparing it with the level of dividends paid. For example, GM's common stockholders received $2.40, $2.95, and $5.30 per share on their investment in 1981, 1980, and 1979, respectively. During the same period, taxes incurred were equivalent to more than $7.97, $6.37, and $15.72 per share, respectively.

The Corporation's net income (loss) as a percent of sales declined from 4.4% in 1979 to (1.3%) in 1980 but recovered slightly to 0.5% in 1981. The Corporation is expected to continue to experience reduced profitability until the economy and automotive retail sales improve to more normal levels.

1981 Compared With 1980

The 1981 net income of $333.4 million or $1.07 per share of common stock contrasted with the 1980 net loss of $762.5 million or $2.65 per share of common stock. Although the table shown on page 13 illustrates that the major portion of the net income was earned in the United States, the loss attributable to overseas operations includes certain profitable overseas locations, as shown in Note 13 on page 25.

The $3.72 per share improvement in earnings in 1981 is primarily attributable to an improved product mix and efficiencies due to cost reduction efforts as well as increased earnings of GM's financing and insurance operations, General Motors Acceptance Corporation (GMAC) and its subsidiaries. In addition, in 1981 General Motors implemented certain modifications to its pension plans. The total effect of these pension plan changes was to reduce such costs for 1981 by $411.1 million and accordingly increase net income by $0.69 per share. The modifications announced in December 1981 in the salaried policies, described on page 10, reduced the applicable accruals at year-end 1981 by $145.0 million and accordingly increased net income by $0.25 per share.

Interest expense increased 69% over

*The comments covering power products sales (page 7), people of GM (page 10), and the effects of inflation on financial data (pages 28-29) should also be read as an integral part of this discussion and analysis.

OPEL ASCONA SR

GM do BRASIL
CHEVROLET CHEVETTE Hatch SL

PONTIAC BONNEVILLE MODEL G BROUGHAM Sedan

1980 due to interest costs associated with expanded levels of short- and long-term borrowings at higher rates.

Total taxes, including payroll and property taxes, totaled $2,382.4 million in 1981 compared with $1,863.5 million in 1980 (which also included a credit for U.S., foreign and other income taxes). The 1981 income tax credit of $123.1 million results from a combination of the continuing high level of U.S. investment tax credits and the low level of earnings.

Worldwide Factory Sales
(Units In Thousands)

	CARS			TRUCKS & COACHES			TOTAL		
	1981	1980	1979	1981	1980	1979	1981	1980	1979
United States	3,894	4,072	5,084	717	699	1,361	4,611	4,771	6,445
Canada*	432	474	518	243	225	271	675	699	789
Overseas*†	1,174	1,234	1,399	302	397	360	1,476	1,631	1,759
Total	5,500	5,780	7,001	1,262	1,321	1,992	6,762	7,101	8,993

*1980 and 1979 were restated to reflect current Canadian and overseas classification of sales of completely knocked down units.
†Includes units manufactured by Isuzu Motors Limited under contract for and marketed by General Motors.

Percentage of Net Income (Loss) Attributable to:

	1981	1980	1979
United States	208%	(9%)	79%
Canada	(10)	(3)	8
Overseas	(98)	(88)	13
Total	100%	(100%)	100%
Automotive	(20%)	(127%)	90%
Nonautomotive	120	27	10
Total	100%	(100%)	100%

Percentage of Worldwide Dollar Sales Attributable to:

	1981	1980	1979
United States	72%	70%	73%
Canada	12	12	11
Overseas	16	18	16
Total	100%	100%	100%
Automotive	93%	92%	94%
Nonautomotive	7	8	6
Total	100%	100%	100%

HOLDEN "VH" COMMODORE Sedan SL/E

OPEL MONZA S

GMAC and its subsidiaries earned a record $365.2 million in 1981, versus the previous record of $231.0 million in 1980, due principally to the higher level of average earning receivables and higher financing rates, partially offset by substantially higher interest rates on worldwide borrowings.

1980 Compared With 1979

The 1980 net loss of $762.5 million or $2.65 per share of common stock compared with net income of $2,892.7 million or $10.04 per share of common stock in 1979. As shown in the table on page 13, the major portion of this loss was attributable to overseas operations. Power products (nonautomotive) operations sales in 1980 exceeded those of 1979 and the operations were profitable.

The $12.69 per share decrease in earnings in 1980 was primarily attributable to lower unit volume and a less favorable product mix (amounting to about $9.00 per share) together with cost increases for items such as labor, materials, energy, and higher sales-campaign expense which were not fully recovered by price adjustments.

Interest expense increased significantly above prior years' levels due to interest costs associated with expanded levels of short- and long-term borrowings at higher rates. The decline in earnings was further affected by depreciation and tool amortization increases reflecting increased property expenditures.

The 1980 income tax credit of $385.3 million reflected the operating loss in 1980 and was lower than would have been expected based on the U.S. statutory income tax rate, primarily due to losses incurred at overseas subsidiaries where no applicable tax refund credits were currently available.

GMAC and its subsidiaries earned $231.0 million in 1980, versus $224.1 million in 1979, due principally to the higher level of average earning receivables and increased financing rates, partially offset by substantially higher interest rates on worldwide borrowings.

Liquidity and Capital Resources

General Motors' liquidity can be measured by its current ratio (ratio of current assets to current liabilities). For the years ended December 31, 1981, 1980, and 1979, the current ratio, based on last-in, first-out (LIFO) inventories, was 1.09, 1.26, and 1.68. However, the Corporation's liquidity is much stronger than this current ratio indicates because the LIFO method, while improving Corporate cash flow, adversely affects the working capital ratio. The first-in, first-out (FIFO) value of inventories, which more nearly reflects replacement cost, exceeded LIFO amounts at December 31, 1981, 1980, and 1979 by approximately $2.1 billion, $1.8 billion, and $1.6 billion, respectively. If inventories were valued at FIFO, the current ratio would be 1.18, 1.34, and 1.76, respectively.

In 1981 and 1980, the decline in earnings coupled with increased capital expenditures made it necessary for General Motors and its consolidated subsidiaries to borrow $2.2 billion and $1.3 billion, respectively, in long-term debt for use in worldwide operations, for repayment of existing borrowings, and for working capital and capital investments.

While current operations were the principal source of funds in 1979, the loss in 1980 and the low net income in 1981 significantly reduced the funds available from this source. These decreases in funds from current operations were partially offset by increased borrowings and sales of newly issued common stock for benefit and reinvestment plans, as well as by a reduction in the dividends paid to common stockholders.

Debt markets can be utilized to the extent that cash flow is not sufficient to meet expenditure requirements. In line with the past practice of maintaining lines of credit, at year-end 1981, the Corporation and its subsidiaries (excluding GMAC) had unused short-term credit lines of approx-

CHEVROLET S-10 TAHOE Pickup

GMC RTS MEGA

Pre-production model

GMC BRIGADIER

imately \$3.6 billion and unused long-term credit agreements of approximately \$1.1 billion. The ratio of long-term debt to the total of long-term debt and stockholders' equity rose from 9.6% at December 31, 1980 to 17.7% at December 31, 1981 as the Corporation and its consolidated subsidiaries increasingly used debt facilities available to them. The senior long-term debt ratings of GM and GMAC were adjusted in 1981 to the second highest possible rating, while the short-term commercial paper of GMAC continues to carry the highest possible rating.

It is the Corporation's policy to distribute from current earnings such amounts as the outlook and the indicated capital needs of the business permit. In this regard, a strong capital position must be maintained in order to meet the substantial level of capital expenditures in the years ahead. The current quarterly dividend rate of \$0.60 per share of common stock reflects the need, during the current period of low earnings, to conserve funds for such expenditures.

Worldwide expenditures for real estate, plants and equipment increased 27% in 1981, 54% in 1980, and 24% in 1979. Of the 1981 expenditures, approximately 57% were made in the United States (64% in 1980 and 74% in 1979), 10% in Canada (8% in 1980 and 4% in 1979), and 33% overseas (28% in 1980 and 22% in 1979). Worldwide expenditures for special tools increased 22% in 1981, compared with a 29% increase in 1980 and a 10% increase in 1979.

Thus, General Motors' capital spending continued at record levels in 1981, amounting to \$9.7 billion in total, compared with \$7.8 billion in 1980 and \$5.4 billion in 1979. Product programs necessary to respond to the demands of the marketplace for fuel economy and quality, to improve General Motors' competitive position worldwide, to improve plant efficiency, as well as to meet government standards, require continued high capital expenditures. In each of the last six years, General Motors has introduced substantially redesigned or new models in the United States and Canada. Significant product redesign programs have also been undertaken by overseas subsidiaries. Commitments for capital spending at December 31, 1981 totaled \$4.2 billion, and it is anticipated that total capital expenditures will be approximately \$8.0 billion in 1982.

Working Capital

Insofar as working capital is concerned, the declines in 1981 from 1980 and in 1980 from 1979, shown on page 19, reflected the lower level of earnings in 1981 and the loss in 1980 coupled with the increased expenditures for real estate, plants and equipment and special tools, only partially offset by decreased dividends and increased borrowings for those years.

The decline in accounts and notes receivable of \$122.9 million in 1981 from 1980 was due principally to the reduction in the receivable due from GMAC, which handles the majority of the wholesale financing of General Motors' products. This decrease was due to an acceleration program begun in August 1981 whereby GM receives payment from GMAC for certain receivables representing dealer vehicle stocks at an earlier date than had been the previous practice. Although the cash balance increased slightly in 1981, marketable securities and time deposits decreased by \$2,441.4 million, or 69%, reflecting the 27% increase in property expenditures as well as the \$300.0 million additional capital investment in GMAC.

The decline in accounts and notes receivable of \$1,262.0 million in 1980 from 1979 was due to the sales decline as well as the reduction in the receivable from GMAC which reflected the decline in sales as well as the revision made in 1980 to the Wholesale Financing Program, effective with the 1981 model vehicle introduction. Under this revision, General Motors received payment from GMAC for cars shipped to dealers about two to three weeks earlier than in the past. These same factors resulted in the net increase in cash, marketable securities, and time deposits of \$728.8 million in 1980.

The decrease in cash, marketable securities, and time deposits of \$1,068.4 million in 1979 from 1978 was due principally to the lower level of earnings coupled with an additional capital investment of \$500 million in GMAC. The decrease in accounts and notes receivable of \$608.3 million in 1979 reflected the declining level of sales at the end of that year.

The changes in inventories, accounts payable, and accrued liabilities all reflect the effect of the high level of sales throughout the first half of 1979, and the reduced sales and earnings since that time through 1981. The increase in prepaid expenses of \$820.7 million from 1980 to 1981 is due principally to an increase in deferred income taxes for timing differences as explained in Note 6 to the Financial Statements.

Other sources of funds of \$1,712.0 million in 1981 principally reflect the determination of various accruals as noncurrent.

Common Stockholders' Equity

Common stock and capital surplus increases in the last three years reflect increased use of newly issued stock for purposes of the Savings-Stock Purchase Programs, the Employe Stock Ownership Plans and, in 1981, the General Motors Dividend Reinvestment Plan.

Book value per share of General Motors common stock declined in 1981 to \$57.21 from \$58.82 at the end of 1980 and \$64.61 at the end of 1979. Net income (loss) as a percent of stockholders' equity was 1.9% in 1981, compared with (4.3%) in 1980 and 15.1% in 1979.

RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The following financial statements of General Motors Corporation and consolidated subsidiaries were prepared by the management which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on judgments of management. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

Management is further responsible for maintaining a system of internal accounting controls, designed to provide reasonable assurance that the books and records reflect the transactions of the companies and that its established policies and procedures are carefully followed. From a stockholder's point of view, perhaps the most important feature in the system of control is that it is continually reviewed for its effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel, and a strong program of internal audit.

Deloitte Haskins & Sells, independent certified public accountants, are engaged to examine the financial statements of General Motors Corporation and its subsidiaries and issue reports thereon. Their examination is conducted in accordance with generally accepted auditing standards which comprehend a review of internal accounting controls and a test of transactions. The Accountants' Report appears on page 26.

The Board of Directors, through the Audit Committee (composed entirely of non-employe Directors), is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements. The Committee selects the independent public accountants annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the Meeting. In addition, the Committee reviews the scope of the audits and the accounting principles being applied in financial reporting. The independent public accountants, representatives of management, and the internal auditors meet regularly (separately and jointly) with the Committee to review the activities of each and to ensure that each is properly discharging its responsibilities. To ensure complete independence, Deloitte Haskins & Sells have full and free access to meet with the Committee, without management representatives present, to discuss the results of their examination, the adequacy of internal accounting controls, and the quality of the financial reporting.

Roger B. Smith

Chairman

F. Alan Smith

Chief Financial Officer

STATEMENT OF CONSOLIDATED INCOME

For The Years Ended December 31, 1981, 1980 and 1979
(Dollars in Millions Except Per Share Amounts)

	1981	1980	1979
Net Sales (Note 2)	$62,698.5	$57,728.5	$66,311.2
Costs and Expenses			
Cost of sales and other operating charges, exclusive of items listed below	55,185.2	52,099.8	55,848.7
Selling, general and administrative expenses	2,715.0	2,636.7	2,475.5
Depreciation of real estate, plants and equipment	1,837.3	1,458.1	1,236.9
Amortization of special tools	2,568.9	2,719.6	1,950.4
Provision for the Bonus Plan (Note 3)	—	—	133.8
Total Costs and Expenses	62,306.4	58,914.2	61,645.3
Operating Income (Loss)	392.1	(1,185.7)	4,665.9
Other income less income deductions—net (Note 4)	367.7	348.7	560.3
Interest expense (Note 1)	(897.9)	(531.9)	(368.4)
Income (Loss) before Income Taxes	(138.1)	(1,368.9)	4,857.8
United States, foreign and other income taxes (credit) (Note 6)	(123.1)	(385.3)	2,183.4
Income (Loss) after Income Taxes	(15.0)	(983.6)	2,674.4
Equity in earnings of nonconsolidated subsidiaries and associates (dividends received amounted to $189.7 in 1981, $116.8 in 1980 and $112.8 in 1979)	348.4	221.1	218.3
Net Income (Loss)	333.4	(762.5)	2,892.7
Dividends on preferred stocks	12.9	12.9	12.9
Earnings (Loss) on Common Stock	$ 320.5	($ 775.4)	$ 2,879.8
Average number of shares of common stock outstanding (in millions)	299.1	292.4	286.8
Earnings (Loss) Per Share of Common Stock (Note 7)	$1.07	($2.65)	$10.04

Reference should be made to notes on pages 20 through 26.

CONSOLIDATED BALANCE SHEET

December 31, 1981 and 1980
(Dollars in Millions Except Per Share Amounts)

ASSETS	1981	1980
Current Assets		
Cash	$ 204.1	$ 157.2
United States Government and other marketable securities and time deposits—at cost, which approximates market of $1,086.3 and $3,541.4	1,116.6	3,558.0
Accounts and notes receivable (including GMAC and its subsidiaries—$636.2 and $704.9)—less allowances	3,645.5	3,768.4
Inventories (less allowances) (Note 1)	7,222.7	7,295.0
Prepaid expenses	1,527.2	706.5
Total Current Assets	13,716.1	15,485.1
Equity in Net Assets of Nonconsolidated Subsidiaries and Associates (principally GMAC and its subsidiaries—Note 8)	3,379.4	2,899.8
Other Investments and Miscellaneous Assets—at cost (less allowances)	1,783.5	1,147.3
Common Stock Held for the Incentive Program (Note 3)	71.5	125.8
Property		
Real estate, plants and equipment—at cost (Note 9)	34,811.5	29,202.7
Less accumulated depreciation (Note 9)	16,317.4	15,217.1
Net real estate, plants and equipment	18,494.1	13,985.6
Special tools—at cost (less amortization)	1,546.6	937.4
Total Property	20,040.7	14,923.0
Total Assets	$38,991.2	$34,581.0

LIABILITIES AND STOCKHOLDERS' EQUITY	1981	1980
Current Liabilities		
Accounts payable (principally trade)	$ 3,699.7	$ 3,967.7
Loans payable (principally overseas) (Note 11)	1,727.8	1,676.5
Accrued liabilities (Note 10)	7,127.6	6,628.8
Total Current Liabilities	12,555.1	12,273.0
Long-Term Debt (Note 11)	3,801.1	1,886.0
Capitalized Leases	242.8	172.3
Other Liabilities (including GMAC of $424.0 in 1981)	3,215.1	1,482.5
Deferred Credits (principally investment tax credits)	1,456.0	952.6
Stockholders' Equity (Notes 3 and 12)		
Preferred stocks ($5.00 series, $183.6; $3.75 series, $100.0)	283.6	283.6
Common stock (issued, 304,804,228 and 298,053,782 shares)	508.0	496.7
Capital surplus (principally additional paid-in capital)	1,589.5	1,297.2
Net income retained for use in the business	15,340.0	15,737.1
Total Stockholders' Equity	17,721.1	17,814.6
Total Liabilities and Stockholders' Equity	$38,991.2	$34,581.0

Reference should be made to notes on pages 20 through 26.
Certain amounts for 1980 have been reclassified to conform with 1981 classifications.

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

For The Years Ended December 31, 1981, 1980 and 1979
(Dollars in Millions)

	1981	1980	1979
Source of Funds			
Net income (loss)	$ 333.4	($ 762.5)	$2,892.7
Depreciation of real estate, plants and equipment	1,837.3	1,458.1	1,236.9
Amortization of special tools	2,568.9	2,719.6	1,950.4
Deferred income taxes, undistributed earnings of nonconsolidated subsidiaries and associates, etc.—net	(146.0)	50.4	(321.2)
Total funds provided by current operations	4,593.6	3,465.6	5,758.8
Proceeds from issuance of long-term debt	2,172.7	1,305.1	41.3
Proceeds from sale of newly issued common stock	303.6	271.9	249.9
Proceeds from disposals of property—net	217.5	261.1	166.9
Other—net	1,712.0	95.2	125.4
Total	8,999.4	5,398.9	6,342.3
Application of Funds			
Expenditures for real estate, plants and equipment	6,563.3	5,160.5	3,351.3
Expenditures for special tools	3,178.1	2,600.0	2,015.0
Dividends paid to stockholders (Note 12)	730.5	874.1	1,533.2
Investments in nonconsolidated subsidiaries and associates	321.0	4.1	542.8
Retirements of long-term debt	257.6	299.1	140.2
Total	11,050.5	8,937.8	7,582.5
Decrease in working capital	(2,051.1)	(3,538.9)	(1,240.2)
Working capital at beginning of the year	3,212.1	6,751.0	7,991.2
Working capital at end of the year	$ 1,161.0	$3,212.1	$6,751.0
Increase (Decrease) in Working Capital by Element			
Cash, marketable securities and time deposits	($ 2,394.5)	$ 728.8	($1,068.4)
Accounts and notes receivable	(122.9)	(1,262.0)	(608.3)
Inventories	(72.3)	(844.1)	520.1
Prepaid expenses	820.7	243.1	(265.9)
Accounts payable	268.0	(586.4)	115.9
Loans payable	(51.3)	(752.4)	191.1
Accrued liabilities	(498.8)	(1,065.9)	(124.7)
Decrease in working capital	($ 2,051.1)	($3,538.9)	($1,240.2)

Reference should be made to notes on pages 20 through 26.
Certain amounts for 1980 and 1979 have been reclassified to conform with 1981 classifications.

NOTE 1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and all domestic and foreign subsidiaries which are more than 50% owned and engaged principally in manufacturing or wholesale marketing of General Motors products. General Motors' share of earnings or losses of nonconsolidated subsidiaries and of associates in which at least 20% of the voting securities is owned is generally included in consolidated income under the equity method of accounting.

Income Taxes

Investment tax credits are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, sales and product allowances, undistributed earnings of subsidiaries and associates, and benefit plans expense) are deferred. Provisions are made for estimated United States and foreign taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' undistributed earnings less those deemed to be permanently reinvested. Possible taxes beyond those provided would not be material.

Inventories

Inventories are stated generally at cost, which is not in excess of market. The cost of substantially all domestic inventories was determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Corporation for U.S. inventories, it is estimated they would be $2,077.1 million higher at December 31, 1981, compared with $1,784.5 million higher at December 31, 1980. As a result of decreases in unit sales in 1981 and 1980, certain LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the costs of current purchases were liquidated. The effect of these inventory reductions was to favorably affect income (loss) before income taxes by approximately $89.2 million and $259.2 million, respectively. The cost of inventories outside the United States was determined generally by the FIFO or the average cost method.

Major Classes of Inventories

(Dollars in Millions)	1981	1980
Productive material, work in process and supplies	$4,561.5	$4,682.8
Finished product, service parts, etc.	2,661.2	2,612.2
Total	$7,222.7	$7,295.0

Depreciation and Amortization

Depreciation is provided on groups of property using, with minor exceptions, an accelerated method which accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property.

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

Pension Program

The Corporation and its subsidiaries have several pension plans covering substantially all of their employes, including certain employes in foreign countries. Benefits under the plans are generally related to an employe's length of service, wages and salaries, and, where applicable, contributions. The costs of these plans are determined on the basis of actuarial cost methods and include amortization of prior service cost over periods not in excess of 30 years from the later of October 1, 1979 or the date such costs are established. With the exception of certain overseas subsidiaries, pension costs accrued are funded within the limitations set by the Employee Retirement Income Security Act.

Product Related Expenses

Expenditures for advertising and sales promotion and for other product related expenses are charged to costs and expenses as incurred; provisions for estimated costs related to product warranty are made at the time the products are sold.

Expenditures for research and development are charged to expenses as incurred and amounted to $2,249.6 million in 1981, $2,224.5 million in 1980 and $1,949.8 million in 1979.

Foreign Exchange

Exchange and translation activity included in net income amounted to gains of $226.2 million in 1981, $164.6 million in 1980 and $86.2 million in 1979. Statement of Financial Accounting Standards (SFAS) No. 8, Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements, was applied throughout the three-year period.

Interest Cost

Total interest cost incurred in 1981, 1980 and 1979 amounted to $995.2 million, $567.1 million and $368.4 million, respectively, of which $97.3 million in 1981 and $35.2 million in 1980 was capitalized under SFAS No. 34, Capitalization of Interest Cost, which became effective in 1980.

NOTE 2. Net Sales

(Dollars in Millions)	1981	1980	1979
Net sales includes sales to:			
Nonconsolidated subsidiaries and associates	$ 130.4	$ 104.1	$ 145.8
Dealerships operating under dealership assistance plans	$1,688.9	$1,456.0	$1,853.5

Unrealized intercompany profits on sales to nonconsolidated subsidiaries and to associates are deferred.

NOTE 3. Incentive Program

The Incentive Program consists of the General Motors Bonus Plan and the General Motors Stock Option Plans. The By-Laws provide that the Plans shall be presented for action at a stockholders' meeting at least once in every five years. The Program was last approved by stockholders at the 1977 Annual Meeting and will be submitted at the 1982 Annual Meeting.

The Corporation maintains a reserve for purposes of the Bonus Plan to which may be credited each year an amount which the independent public accountants of the Corporation determine to be 8% of the net earnings which exceed 7% but not 15% of net capital, plus 5% of the net earnings which exceed 15% of net capital, but not in excess of the amount paid out as dividends on the common stock during the year. However, for any year the Bonus and Salary Committee may direct that a lesser amount be credited. Bonus awards under the Bonus Plan and such other amounts arising out of the operation of the Program as the Committee may determine are charged to the reserve.

As a result of the low earnings in 1981 and net loss in 1980, no credits were made to the Reserve for the Bonus Plan. Accordingly, the Committee determined that there would be no bonus awards related to the years 1981 and 1980.

Under the provisions of the Program, participants receive their awards in instalments in as many as five years. If participants in the Bonus and Stock Option Plans fail to meet conditions precedent to receiving undelivered instalments of bonus awards (and contingent credits related to the Stock Option Plan prior to 1977), the amount of any such instalments is credited to income. Upon the exercise of stock options, any related contingent credits are proportionately reduced and the amount of the reduction is credited to income.

Common stock held for the Incentive Program is stated substantially at cost and used exclusively for payment of Program liabilities.

	1981		1980	
(Dollars in Millions)	Shares	Amount	Shares	Amount
Balance at Jan. 1	2,037,978	$125.8	3,108,316	$192.9
Acquired during the year	2,833	.1	9,097	.5
Sold to trustee of S-SPP	(8,224)	(.5)	(11,216)	(.6)
Delivered to participants	(855,450)	(53.9)	(1,068,219)	(67.0)
Balance at Dec. 31	1,177,137	$ 71.5	2,037,978	$125.8

Changes during 1979, 1980 and 1981 in the status of options granted under the Stock Option Plans are shown in the following table. The option prices are 100% of the average of the highest and lowest sales prices of General Motors common stock on the dates the options were granted as reported (1) on the New York Stock Exchange for options granted prior to 1976, and (2) on the Composite Tape of transactions on all major exchanges and nonexchange markets in the U.S. for options granted in 1976 and subsequent years. The options expire ten years from date of grant but are subject to earlier termination under certain conditions.

The Corporation intends to deliver newly issued stock upon the exercise of any of the options. The maximum number of shares for which additional options might be granted under the Plan was 1,904,325 at January 1, 1979, 1,582,170 at December 31, 1979, 1,230,055 at December 31, 1980 and 931,405 at December 31, 1981.

Year Granted	**1973**	**1974**	**1976**	**1977**	**1978**	**1979**	**1980**	**1981**
Option Price	$73.38	$50.00	$65.19	$66.57	$63.75	$59.50	$53.25	$50.00
Outstanding at Jan. 1, 1979	134,106	196,786	129,786	279,920	315,755	—		
Granted	—	—	—	—	—	351,940		
Terminated	(24,288)	(35,214)	(11,982)	(19,125)	(10,185)	(475)		
Outstanding at Dec. 31, 1979	109,818	161,572	117,804	260,795	305,570	351,465	—	
Granted	—	—	—	—	—	—	425,590	
Terminated	(16,764)	(18,998)	(10,764)	(23,790)	(26,190)	(20,085)	(3,410)	
Outstanding at Dec. 31, 1980	93,054	142,574	107,040	237,005	279,380	331,380	422,180	—
Granted	—	—	—	—	—	—	—	464,255
Terminated	(29,856)	(35,340)	(38,394)	(37,340)	(41,390)	(44,865)	(22,015)	(19,995)
Outstanding at Dec. 31, 1981	63,198	107,234	68,646	199,665	237,990	286,515	400,165	444,260

NOTE 4. Other Income Less Income Deductions

(Dollars in Millions)	1981	1980	1979
Other income:			
Interest	$427.9	$392.1	$507.0
Other	123.6	81.7	72.2
Income deductions	(183.8)	(125.1)	(18.9)
Net	$367.7	$348.7	$560.3

NOTE 5. Pension Program

Total pension expense of the Corporation and its consolidated subsidiaries amounted to $1,493.8 million in 1981, $1,922.1 million in 1980 and $1,571.5 million in 1979. For purposes of determining pension expense, the Corporation uses a variety of assumed rates of return on pension funds in accordance with local practice and regulations, which rates approximated 6% in 1980 and 1979. In 1981, the assumed rate of return used in determining retirement plan costs in the United States and Canada was increased to 7%. The Corporation's independent actuary recommended this change, and other changes in actuarial assumptions, after taking into account the experience of the plans and reasonable expectations. The total effect of these changes was to reduce retirement plan costs for 1981 by $411.1 million and accordingly increase net income by $205.6 million ($0.69 per share). The following table compares accumulated plan benefits and plan net assets for the Corporation's defined benefit plans in the United States and Canada as of October 1 (generally, the plans' anniversary date) of both 1981 and 1980:

(Dollars in Millions)	1981	1980
Actuarial present value of accumulated plan benefits:		
Vested	$16,228.5	$17,438.5
Nonvested	1,890.3	2,234.1
Total	$18,118.8	$19,672.6
Market value of assets available for benefits:		
Held by trustees	$10,795.1	$10,584.6
Held by insurance companies	3,049.4	2,769.2
Total	$13,844.5	$13,353.8

The assumed rates of return used in determining the actuarial present value of accumulated plan benefits (shown in the table above) were based upon those published by the Pension Benefit Guaranty Corporation, a public corporation established under the Employee Retirement Income Security Act (ERISA). Such rates averaged approximately 10% for 1981 and 8¼% for 1980.

The Corporation's foreign pension plans are not required to report to governmental agencies pursuant to ERISA, and do not otherwise determine the actuarial value of accumulated benefits or net assets available for benefits as calculated and shown above. For those plans, the total of the plans' pension funds and balance sheet accruals, less pension prepayments and deferred charges, exceeded the actuarially computed value of vested benefits by approximately $200 million at December 31, 1981 and $215 million at December 31, 1980.

NOTE 6. United States, Foreign and Other Income Taxes (Credit)

(Dollars in Millions)	1981	1980	1979
Taxes estimated to be payable (refundable) currently:			
United States Federal	$442.9	($307.7)	$1,578.7
Foreign	62.4	56.2	412.9
State and local	41.4	(36.9)	127.9
Total	546.7	(288.4)	2,119.5
Taxes deferred—net:			
United States Federal	(829.3)	(342.2)	51.5
Foreign	(57.9)	131.9	(126.4)
State and local	(89.6)	(39.0)	7.0
Total	(976.8)	(249.3)	(67.9)
Investment tax credits deferred—net:			
United States Federal	312.6	126.0	116.5
Foreign	(5.6)	26.4	15.3
Total	307.0	152.4	131.8
Total taxes (credit)	($123.1)	($385.3)	$2,183.4

Investment tax credits entering into the determination of taxes estimated to be payable (refundable) currently amounted to $592.1 million in 1981, $350.9 million in 1980 and $290.7 million in 1979.

The deferred taxes (credit) for timing differences in 1981 consisted principally of ($546.3) million related to benefit plans expense and ($267.2) million related to sales and product allowances. The deferred taxes (credit) in 1980 consisted principally of ($232.1) million related to sales and product allowances.

Income (loss) before income taxes included the following components:

(Dollars in Millions)	1981	1980	1979
Domestic income (loss)	$288.7	($ 928.6)	$4,032.3
Foreign income (loss)	(426.8)	(440.3)	825.5
Total	($138.1)	($1,368.9)	$4,857.8

The consolidated effective income tax rate (credit) was different than the United States statutory income tax rate (credit) for the reasons set forth in the table below:

	1981	1980	1979
U.S. statutory income tax rate (credit)	(46.0%)	(46.0%)	46.0%
Investment tax credits—net	(201.8)	(12.0)	(3.4)
Foreign tax rate differential	149.6	29.0	1.5
State and local income taxes	(18.8)	(3.0)	1.5
Other adjustments	27.9	3.9	(0.7)
Consolidated effective income tax rate (credit)	(89.1%)	(28.1%)	44.9%

NOTE 7. Earnings (Loss) Per Share of Common Stock

Earnings (loss) per share of common stock are based on the average number of shares outstanding during each year. The effect on earnings (loss) per share resulting from the assumed exercise of outstanding options and delivery of bonus awards and contingent credits under the Incentive Program is not material.

NOTE 8. General Motors Acceptance Corporation and Subsidiaries Condensed Consolidated Balance Sheet (Dollars in Millions Except Per Share Amounts)

	1981	1980
Cash	$ 464.4	$ 473.0
Investments in Securities (market value, 1981—$1,182.3; 1980—$1,007.2)	1,245.5	1,003.0
Finance Receivables (1981—$45,543.0; 1980—$34,859.2; less unearned income: 1981—$5,389.3; 1980—$3,273.9; and allowance for financing losses: 1981—$461.2; 1980—$351.2)	39,692.5	31,234.1
Insurance Receivables, Unamortized Debt Expense, and Other Assets	446.2	336.8
Total Assets	$41,848.6	$33,046.9
Notes, Loans and Debentures Payable Within One Year (less unamortized discount)	$23,256.1	$16,814.0
Accounts Payable and Other Liabilities:		
General Motors Corporation and affiliated companies	636.2	704.9
Other	1,871.3	1,566.2
Notes, Loans and Debentures Payable After One Year (less unamortized discount)	10,676.7	9,185.8
Subordinated Indebtedness Payable After One Year (less unamortized discount)	2,173.2	2,024.1
Total Liabilities	38,613.5	30,295.0
Stockholder's Equity:		
Preferred stocks, $100 par value, redeemable at GMAC option (6% cumulative, $75.0; 7¼% cumulative, $35.0)	110.0	110.0
Common stock, $100 par value (outstanding, 1981—17,650,000 shares; 1980—14,650,000 shares)	1,765.0[1]	1,465.0
Net income retained for use in the business (net income: 1981—$365.2; 1980—$231.0; 1979—$224.1; cash dividends: 1981—$182.0; 1980—$107.0; 1979—$102.0)	1,360.1	1,176.9
Total Stockholder's Equity	3,235.1	2,751.9
Total Liabilities and Stockholder's Equity	$41,848.6	$33,046.9

[1] In January 1982, General Motors Corporation purchased an additional 4,000,000 shares of common stock for $400.0 million.

NOTE 9. Real Estate, Plants and Equipment and Accumulated Depreciation (Dollars in Millions)

	1981	1980
Real estate, plants and equipment (Note 11):		
Land	$ 350.8	$ 332.1
Land improvements	1,026.4	886.5
Leasehold improvements—less amortization	38.4	33.2
Buildings	7,159.6	6,209.4
Machinery and equipment	21,470.4	17,843.7
Furniture and office equipment	350.3	302.0
Capitalized leases	655.4	316.6
Construction in progress	3,760.2	3,279.2
Total	$34,811.5	$29,202.7
Accumulated depreciation:		
Land improvements	$ 530.8	$ 490.1
Buildings	3,409.4	3,177.2
Machinery and equipment	11,987.2	11,183.9
Furniture and office equipment	132.5	139.5
Capitalized leases	208.2	177.1
Extraordinary obsolescence	49.3	49.3
Total	$16,317.4	$15,217.1

NOTE 10. Accrued Liabilities (Dollars in Millions)

	1981	1980
Taxes, other than income taxes	$ 812.2	$ 723.9
Payrolls	1,576.2	1,667.3
Dealer and customer allowances, claims, discounts, etc.	2,685.4	2,600.0
Other	2,053.8	1,637.6
Total	$7,127.6	$6,628.8

NOTE 11. Long-Term Debt (Dollars in Millions)

			1981	1980
GM:				
U.S. dollars:				
13.95% Notes		1983	$ 150.0	$ —
10% Notes		1984-86	200.0	200.0
8.05% Notes		1985	300.0	300.0
12.2% Notes		1986-88	200.0	200.0
10% Notes		1991	200.0	—
8⅝% Debentures		2005	300.0	300.0
Other	4.8%	1983-2000	69.3	72.3
British pounds	14.5%	1983-87	271.7	—
Consolidated subsidiaries:				
United States dollars	12.7%	1983-91	829.9	318.0
Canadian dollars	15.7%	1985	687.9	284.4
German marks	7.0%	1983-97	248.3	—
Spanish pesetas	14.0%	1983-90	188.3	38.5
Other currencies	Various	1983-2004	270.4	180.0
Total			3,915.8	1,893.2
Less unamortized discount (principally on 10% notes due 1991)			114.7	7.2
Total			$3,801.1	$1,886.0

At year-end 1981, the Corporation and its consolidated subsidiaries had unused short-term credit lines of approximately $3.6 billion and unused long-term credit agreements of approximately $1.1 billion. Long-term debt at December 31, 1981 included approximately $660 million of short-term obligations which are intended to be renewed or refinanced under long-term credit agreements. Long-term debt (including current portion) bore interest at a weighted average rate of approximately 12.7% at December 31, 1981 and 13.5% at December 31, 1980.

In December 1981, the Corporation and a subsidiary arranged a private financing of $500 million in 10% notes due 1991, of which $400 million was outstanding at December 31, 1981. The difference between the 10% stated interest rate and the effective rate at date of issuance (15.45%) reflects the discount to be amortized over the life of the loan.

(continued)

NOTE 11. (concluded)

An option to acquire certain real estate in 1991 was also granted. The option holder may deliver the notes in payment for the real estate.

Under the sinking fund provisions of the trust indenture for the Corporation's $300.0 million 8⅝% Debentures due 2005, the Corporation will provide an annual sinking fund of $11.8 million in each of the years 1986 to 2004, inclusive.

Maturities of long-term debt in the years 1982 through 1986 are (in millions) $186.4 (included in loans payable at December 31, 1981), $1,000.1, $305.9, $1,167.1 and $276.0. Loans payable at December 31, 1980 included $137.0 million current portion of long-term debt.

NOTE 12. Stockholders' Equity (Dollars in Millions Except Per Share Amounts)

	1981	1980	1979
Capital Stock:			
Preferred Stock, without par value, cumulative dividends (authorized, 6,000,000 shares), no change during the year:			
$5.00 series, stated value $100 per share, redeemable at Corporation option at $120 per share (issued, 1,875,366 shares; in treasury, 39,722 shares; outstanding, 1,835,644 shares)	$ 183.6	$ 183.6	$ 183.6
$3.75 series, stated value $100 per share, redeemable at Corporation option at $100 per share (issued and outstanding, 1,000,000 shares)	100.0	100.0	100.0
Common Stock, $1⅔ par value (authorized, 500,000,000 shares):			
Issued at beginning of the year (298,053,782 shares in 1981, 292,472,499 in 1980 and 288,069,840 in 1979)	496.7	487.4	480.1
Newly issued stock sold under provisions of the Employe Stock Ownership Plans, Savings-Stock Purchase Programs and the Dividend Reinvestment Plan (6,750,446 shares in 1981, 5,581,283 in 1980 and 4,402,659 in 1979)	11.3	9.3	7.3
Issued at end of the year (304,804,228 shares in 1981, 298,053,782 in 1980 and 292,472,499 in 1979)	508.0	496.7	487.4
Total capital stock at end of the year	791.6	780.3	771.0
Capital Surplus (principally additional paid-in capital):			
Balance at beginning of the year	1,297.2	1,034.6	792.0
Proceeds in excess of par value of newly issued common stock sold under provisions of the Employe Stock Ownership Plans, Savings-Stock Purchase Programs and the Dividend Reinvestment Plan	292.3	262.6	242.6
Balance at end of the year	1,589.5	1,297.2	1,034.6
Net Income Retained for Use in the Business:			
Balance at beginning of the year	15,737.1	17,373.7	16,014.2
Net income (loss)	333.4	(762.5)	2,892.7
Total	16,070.5	16,611.2	18,906.9
Cash dividends:			
Preferred stock, $5.00 series, $5.00 per share	9.2	9.2	9.2
Preferred stock, $3.75 series, $3.75 per share	3.7	3.7	3.7
Common stock, $2.40 per share in 1981, $2.95 in 1980 and $5.30 in 1979	717.6	861.2	1,520.3
Total cash dividends	730.5	874.1	1,533.2
Balance at end of the year	15,340.0	15,737.1	17,373.7
Total Stockholders' Equity	$17,721.1	$17,814.6	$19,179.3

The preferred stock is subject to redemption at the option of the Board of Directors on any dividend date on not less than thirty days' notice at the redemption prices stated above plus accrued dividends.

The Certificate of Incorporation provides that no cash dividends may be paid on the common stock so long as current assets (excluding prepaid expenses) in excess of current liabilities of the Corporation are less than $75 per share of outstanding preferred stock. Such current assets (with inventories calculated on the FIFO basis) in excess of current liabilities were greater than $75 in respect of each share of outstanding preferred stock at December 31, 1981.

The overall policy with respect to the payment of dividends by consolidated subsidiaries is predicated on the laws of the respective countries in which the subsidiaries are located. Generally, dividend payments are based on accumulated earnings. In the opinion of the management, there are no restrictions on the payment of dividends by consolidated subsidiaries which would have a significant effect on the operations of the Corporation and its consolidated subsidiaries.

The equity of the Corporation and its consolidated subsidiaries in the net undistributed earnings, since acquisition, of non-consolidated subsidiaries and associates has been included in net income retained for use in the business and amounted to $1,314.3 million at December 31, 1981.

GMAC agreements with respect to outstanding subordinated indebtedness include, among other things, provisions which have the effect of limiting its payment of dividends to the Corporation. Under the most restrictive of these provisions, approximately $893.5 million of its net income retained for use in the business at December 31, 1981 was available for the payment of dividends.

NOTE 13. Segment Reporting

General Motors is a highly vertically-integrated business operating primarily in a single industry consisting of the manufacture, assembly and sale of automobiles, trucks and related parts and accessories classified as automotive products. Because of the high degree of integration, substantial interdivisional and intercompany transfers of materials and services are made. Consequently, any determination of income by area of operations or class of products is necessarily arbitrary because of the allocation and reallocation of costs, including Corporate costs, benefiting more than one division or product.

Substantially all of General Motors' products are marketed through retail dealers and through distributors and jobbers in the United States and Canada and through distributors and dealers overseas. To assist in the merchandising of General Motors' products, GMAC and its subsidiaries offer financial services and certain types of automobile insurance to dealers and customers.

Net sales, net income (loss), total and net assets and average number of employes in the U.S. and in locations outside the U.S. for 1981, 1980 and 1979 are summarized below. Net income (loss) is after provisions for deferred income taxes applicable to that portion of the undistributed earnings deemed to be not permanently invested, less available tax credits and deductions, and appropriate consolidating adjustments for the geographic areas set forth below. Interarea sales are made at negotiated selling prices.

1981	United States	Canada	Europe	Latin America	All Other	Total[1]
Net Sales:			(Dollars in Millions)			
Outside	$47,022.4	$4,099.2	$6,585.2	$2,730.0	$2,261.7	$62,698.5
Interarea	5,731.1	4,747.2	265.6	129.9	128.1	—
Total net sales	$52,753.5	$8,846.4	$6,850.8	$2,859.9	$2,389.8	$62,698.5
Net Income (Loss)	$ 763.3	($ 35.6)	($ 426.7)	($ 62.6)	$ 129.2	$ 333.4
Total Assets	$27,510.8	$2,772.8	$5,208.5	$2,642.8	$ 992.5	$38,991.2
Net Assets	$15,608.7	$ 832.6	$ 505.5	$ 640.7	$ 247.3	$17,721.1
Average Number of Employes (in thousands)	522	39	113	38	29	741

1980	United States	Canada	Europe	Latin America	All Other	Total[1]
Net Sales:			(Dollars in Millions)			
Outside	$41,637.4	$4,218.0	$7,437.6	$2,448.4	$1,987.1	$57,728.5
Interarea	5,287.1	3,876.7	317.5	72.3	64.3	—
Total net sales	$46,924.5	$8,094.7	$7,755.1	$2,520.7	$2,051.4	$57,728.5
Net Income (Loss)	($ 71.9)	($ 20.3)	($ 559.3)	$ 42.9	($ 150.8)	($ 762.5)
Total Assets	$25,494.2	$1,891.0	$4,319.3	$1,953.2	$1,029.9	$34,581.0
Net Assets	$15,753.6	$ 791.9	$ 670.6	$ 528.8	$ 152.0	$17,814.6
Average Number of Employes (in thousands)	517	37	125	37	30	746

1979	United States	Canada	Europe	Latin America	All Other	Total[1]
Net Sales:			(Dollars in Millions)			
Outside	$49,559.9	$4,611.8	$8,338.2	$2,023.8	$1,777.5	$66,311.2
Interarea	5,454.9	3,432.9	276.9	109.0	34.4	—
Total net sales	$55,014.8	$8,044.7	$8,615.1	$2,132.8	$1,811.9	$66,311.2
Net Income	$ 2,320.5	$ 224.1	$ 338.2	$ 14.5	$ 13.9	$ 2,892.7
Total Assets	$24,052.7	$1,884.2	$4,173.3	$1,237.9	$1,073.7	$32,215.8
Net Assets	$16,472.4	$ 754.9	$1,245.9	$ 366.8	$ 417.4	$19,179.3
Average Number of Employes (in thousands)	618	39	131	33	32	853

[1]After elimination of interarea transactions.

NOTE 14. Contingent Liabilities

There are various claims and pending actions against the Corporation and its subsidiaries with respect to commercial matters, including warranties and product liability, governmental regulations including environmental and safety matters, civil rights, patent matters, taxes and other matters arising out of the conduct of the business. Certain of these actions purport to be class actions, seeking damages in very large amounts. The amounts of liability on these claims and actions at December 31, 1981 were not determinable but, in the opinion of the management, the ultimate liability resulting will not materially affect the consolidated financial position or results of operations of the Corporation and its consolidated subsidiaries.

ACCOUNTANTS' REPORT

Deloitte
Haskins Sells
CERTIFIED PUBLIC ACCOUNTANTS

1114 Avenue of the Americas
New York 10036

General Motors Corporation, its Directors and Stockholders: February 8, 1982

We have examined the Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1981 and 1980 and the related Statements of Consolidated Income and Changes in Consolidated Financial Position for each of the three years in the period ended December 31, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies at December 31, 1981 and 1980 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1981, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells

ELECTRO-MOTIVE SD40-2 Diesel Locomotives

Selected Quarterly Data (Dollars in Millions Except Per Share Amounts)

	1981 Quarters				1980 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Net sales	$15,723.9	$18,015.1	$13,410.2	$15,549.3	$15,712.8	$13,785.5	$12,027.8	$16,202.4
Operating income (loss)	267.4	1,029.2	(959.5)	55.0	161.4	(834.6)	(960.4)	447.9
Income (loss) before income taxes	261.5	892.4	(1,155.8)	(136.2)	173.6	(862.3)	(1,025.6)	345.4
United States, foreign and other income taxes (credit)	130.8	446.2	(585.0)	(115.1)	60.8	(377.6)	(386.0)	317.5
Income (loss) after income taxes	130.7	446.2	(570.8)	(21.1)	112.8	(484.7)	(639.6)	27.9
Equity in earnings of nonconsolidated subsidiaries and associates	59.6	68.4	102.6	117.8	41.9	72.8	72.6	33.8
Net income (loss)	190.3	514.6	(468.2)	96.7	154.7	(411.9)	(567.0)	61.7
Dividends on preferred stocks	3.2	3.3	3.2	3.2	3.2	3.3	3.2	3.2
Earnings (loss) on common stock	$ 187.1	$ 511.3	($ 471.4)	$ 93.5	$ 151.5	($ 415.2)	($ 570.2)	$ 58.5
Average number of shares of common stock outstanding (in millions)	297.2	298.2	299.2	301.6	290.2	291.5	293.1	294.8
Earnings (loss) per share of common stock*	$0.63	$1.72	($1.59)	$0.31	$0.52	($1.43)	($1.95)	$0.21
Dividends per share of common stock	$0.60	$0.60	$0.60	$0.60	$1.15	$0.60	$0.60	$0.60
Stock price range**								
High	$56.13	$58.00	$53.13	$46.50	$55.75	$49.50	$58.88	$54.13
Low	$43.88	$51.38	$42.63	$33.88	$44.00	$39.50	$46.38	$40.38

*Includes favorable (unfavorable) effects on EPS of revisions to pension plans in 1981 (second quarter—$0.33, third quarter—$0.20, fourth quarter—$0.16), reductions in accruals due to salaried policy modifications in the fourth quarter of 1981—$0.25, and foreign exchange/translation activity (1981: first quarter—$0.19, second quarter—$0.45, third quarter—$0.64, fourth quarter —($0.53); 1980: first quarter—$0.27, second quarter—($0.41), third quarter—$0.21, fourth quarter—$0.56).

**The principal market is the New York Stock Exchange and prices are based on the Composite Tape. As of December 31, 1981, there were 1,122,167 holders of record of common stock.

The consolidated effective income tax rate (credit) for the fourth quarter of 1981 was higher than would be expected as a result of the combination of the high level of U.S. investment tax credits and the low level of earnings.

The consolidated effective income tax rates varied from the U.S. statutory income tax rate (credit) in the first and third quarters of 1980 due principally to a combination of lower earnings and the continuing high level of U.S. investment tax credits. The consolidated effective income tax rate for the 1980 fourth quarter was higher than would be expected due to the adjustment of the estimated annual effective tax rate, used throughout the year, as a result of increased losses at overseas subsidiaries where no applicable tax credits were currently available, coupled with additional U.S. income taxes due to improved U.S. performance during the quarter.

Selected Financial Data (Dollars in Millions Except Per Share Amounts)	1981	1980	1979	1978	1977
Net sales	$62,698.5	$57,728.5	$66,311.2	$63,221.1	$54,961.3
Earnings (loss) on common stock	$ 320.5	($ 775.4)	$ 2,879.8	$ 3,495.1	$ 3,324.6
Dividends on common stock	717.6	861.2	1,520.3	1,712.6	1,944.8
Net income (loss) retained in the year	($ 397.1)	($ 1,636.6)	$ 1,359.5	$ 1,782.5	$ 1,379.8
Earnings (loss) on common stock—per share	$1.07	($2.65)	$10.04	$12.24	$11.62
Dividends on common stock—per share	2.40	2.95	5.30	6.00	6.80
Net income (loss) retained in the year—per share	($1.33)	($5.60)	$ 4.74	$ 6.24	$ 4.82
Average shares of common stock outstanding (in millions)	299.1	292.4	286.8	285.5	286.1
Dividends on capital stock as a percent of net income	219.1%	N.A.	53.0%	49.2%	58.7%
Expenditures for real estate, plants and equipment	$ 6,563.3	$ 5,160.5	$ 3,351.3	$ 2,695.5	$ 1,833.0
Expenditures for special tools	$ 3,178.1	$ 2,600.0	$ 2,015.0	$ 1,826.7	$ 1,775.8
Working capital	$ 1,161.0	$ 3,212.1	$ 6,751.0	$ 7,991.2	$ 7,668.2
Total assets	$38,991.2	$34,581.0	$32,215.8	$30,598.3	$26,658.3
Long-term debt and capitalized leases	$ 4,043.9	$ 2,058.3	$ 1,030.8	$ 1,124.5	$ 1,201.2

EFFECTS OF INFLATION ON FINANCIAL DATA

Inflation remains the nemesis of the orderly conduct of business. Its adverse ramifications are dramatized when the effects of inflation are taken into account in the evaluation of comparative financial results.

The accompanying Schedules display the basic historical cost financial data adjusted for general inflation (constant dollar) and also for changes in specific prices (current cost) for use in such evaluation. The Schedules are intended to help readers of financial data assess results in the following specific areas:

a. The erosion of general purchasing power,
b. Enterprise performance,
c. The erosion of operating capability, and
d. Future cash flows.

In reviewing these Schedules, the following comments may be of assistance in understanding the reasons for the different "income" amounts and the uses of the data.

Financial statements—historical cost method

The objective of financial statements, and the primary purpose of accounting, is to furnish, to the fullest extent practicable, objective, quantifiable summaries of the results of financial transactions to those who need or wish to judge management's ability to manage. The data are prepared by management and audited by the independent public accountants.

The present accounting system in general use in the United States and the financial statements prepared by major companies from that system were never intended to be measures of relative economic value, but instead are basically a history of transactions which have occurred and by which current and potential investors and creditors can evaluate their expectations. There are many subjective, analytical, and economic factors which must be taken into consideration when evaluating a company. Those factors cannot be quantified objectively. Just as the financial statements cannot present in reasonable, objective, quantifiable form all of the data necessary to evaluate a business, they also should not be expected to furnish all the data needed to evaluate the effect of inflation on a company.

Data adjusted for general inflation—constant dollar method

Financial reporting is, of necessity, stated in dollars. It is generally recognized that the purchasing power of a dollar has deteriorated in recent years, and the costs of raw materials and other items as well as wage rates have increased and can be expected to increase further in the future. It is not as generally recognized, however, that profit dollars also are subject to the same degree of reduction in purchasing power. Far too much attention is given to the absolute level of profits rather than the relationship of profits to other factors in the business and to the general price level. For example, as shown in Schedule A, adjusting the annual amount of sales and net income (loss) to a constant 1967 dollar base, using the U.S. Bureau of Labor Statistics' Consumer Price Index for Urban Consumers (CPI-U), demonstrates that constant dollar profits have not increased in recent years in line with the changes in sales volume. This is reflected in the general decline in the net income (loss) as a percent of sales over that period as well as the decrease in the dividends paid in terms of constant dollars of purchasing power.

The constant dollar income statement contains only two basic adjustments. Most importantly, the provision for depreciation is recalculated. Historical dollar accounting understates the economic cost of plant and equipment consumed in production because the depreciation charge is based on the original dollar cost of assets acquired over a period of years. Constant dollar depreciation restates such expense based on asset values adjusted to reflect increases in the CPI-U subsequent to acquisition or construction of the related plant and equipment. In addition to recalculating depreciation expense, cost of goods sold is adjusted to reflect changes in the CPI-U for the portion of inventories not stated on the last-in, first-out (LIFO) basis in the conventional financial statements. Other items of income and expense are not adjusted because they generally reflect transactions that took place in 1981 and, therefore, were recorded in average 1981 dollars.

Data adjusted for changes in specific prices—current cost method

Another manner in which to analyze the effect of inflation on financial data (and thus the business) is by adjusting the historical cost data to the current costs for the major balance sheet items which have been accumulated through the accounting system over a period of years and which thus reflect different prices for the same commodities and services.

The purpose of this type of restatement is to furnish estimates of the effect of price increases for replacement of inventories and property on the potential future net income of the business and thus assess the probability of future cash flows. Although these data may be useful for this purpose, they do not reflect specific plans for the replacement of property. A more meaningful estimate of the effect of such costs on future earnings is the estimated level of future capital expenditures which is set forth on page 16 in the Financial Review: Management's Discussion and Analysis.

Summary

In the accompanying Schedules, the effects of the application of the preceding methods on the last five years' and the current year's operations are summarized. Under both the constant dollar and the current cost methods, the net income of General Motors is lower (or the net loss is higher) than that determined under the historical cost method. This means that business, as well as individuals, is affected by inflation and that the purchasing power of business dollars also has declined. In addition, the costs of maintaining the productive capacity, as reflected in the current cost data (and estimate of future capital expenditures), have increased, and thus management must seek ways to cope with the impact of inflation through accounting methods such as the LIFO method of inventory valuation, which matches current costs with current revenues, and through accelerated methods of depreciation.

Another significant adjustment is the restatement of stockholders' equity—the investment base. The adjustment for general inflation puts all the expenditures for these items on a consistent purchasing power basis—the average 1967 dollar. This adjustment decreases the historical stockholders' equity, as represented by net assets in Schedule A, of about \$17.7 billion at December 31, 1981 to a constant dollar basis of \$10.2 billion. In other words, the \$17.7 billion represented in the financial statements has only \$10.2 billion of purchasing power expressed in 1967 dollars. The net assets adjusted for specific prices, as shown in Schedule A, amounted to \$10.4 billion at December 31, 1981. This is \$0.2 billion higher than that shown on a constant dollar basis due to the fact that the CPI-U index is accelerating more rapidly than the indices of specific prices applicable to General Motors.

Finally, it must be emphasized that there is a continuing need for national monetary and fiscal policies designed to control inflation and to provide adequate capital for future business growth which, in turn, will mean increased productivity and employment.

SCHEDULE A

Comparison of Selected Data Adjusted for Effects of Changing Prices

(Dollars in Millions Except Per Share Amounts)

Historical cost data adjusted for general inflation (constant dollar) and changes in specific prices (current cost). (A)

	1981	1980	1979	1978	1977
Net Sales—as reported	$62,698.5	$57,728.5	$66,311.2	$63,221.1	$54,961.3
—in constant 1967 dollars	23,017.1	23,390.8	30,501.9	32,354.7	30,281.7
Net Income (Loss)—as reported	$ 333.4	($ 762.5)	$ 2,892.7	$ 3,508.0	$ 3,337.5
—in constant 1967 dollars	(305.8)(B)	(1,023.8)	817.0	1,384.5	1,580.9
—in current cost 1967 dollars	(252.8)(B)	(829.5)	829.5		
Earnings (Loss) per share of common stock—as reported	$1.07	($2.65)	$10.04	$12.24	$11.62
—in constant 1967 dollars	(1.04)(B)	(3.52)	2.83	4.83	5.50
—in current cost 1967 dollars	(0.86)(B)	(2.86)	2.87		
Dividends per share of common stock—as reported	$2.40	$2.95	$5.30	$6.00	$6.80
—in constant 1967 dollars	0.88	1.20	2.44	3.07	3.75
Net income (loss) as a percent of sales—as reported	0.5%	(1.3%)	4.4%	5.5%	6.1%
—in constant 1967 dollars	(1.3)	(4.4)	2.7	4.3	5.2
—in current cost 1967 dollars	(1.1)	(3.5)	2.7		
Net income (loss) as a percent of stockholders' equity—as reported	1.9%	(4.3%)	15.1%	20.0%	21.2%
—in constant 1967 dollars	(3.0)	(9.4)	6.7	11.2	13.1
—in current cost 1967 dollars	(2.4)	(7.3)	6.4		
Net assets at year-end—as reported	$17,721.1	$17,814.6	$19,179.3	$17,569.9	$15,766.9
—in constant 1967 dollars	10,247.2	10,887.6	12,163.4	12,351.3	12,041.4
—in current cost 1967 dollars	10,450.9	11,377.2	12,982.7		
Unrealized gain from decline in purchasing power of dollars of net amounts owed	$ 241.3	$ 182.3	$ 83.8		
Excess of increase in general price level over increase in specific prices of inventory and property	$ 619.0	$ 689.2	$ 221.8		
Market price per common share at year-end—unadjusted	$38.50	$45.00	$50.00	$53.75	$62.88
—in constant 1967 dollars	14.13	18.23	23.00	27.51	34.64
Average Consumer Price Index	272.4	246.8	217.4	195.4	181.5

(A) Adjusted data have been determined by applying the Consumer Price Index —Urban to the data with 1967 (CPI-100) as the base year. Depreciation has been determined on a straight-line basis for this calculation.

(B) These amounts will differ from those shown for constant dollar and current cost in Schedule B because a different base year (1981) has been used in Schedule B in order to illustrate the effect of changing prices in an alternative form.

SCHEDULE B

Schedule of Income Adjusted for Changing Prices

For The Year Ended December 31, 1981

(Dollars in Millions Except Per Share Amounts)

	As Reported in the Financial Statements (Historical Cost)	Adjusted for General Inflation (1981 Constant Dollar)	Adjusted for Changes in Specific Prices (1981 Current Cost)
Net Sales	$62,698.5	$62,698.5	$62,698.5
Cost of sales	55,185.2	55,766.5	55,413.5
Depreciation and amortization expense	4,406.2	4,991.6	5,200.1
Other operating and nonoperating items—net	2,896.8	2,896.8	2,896.8
United States and other income taxes (credit)	(123.1)	(123.1)	(123.1)
Total costs and expenses	62,365.1	63,531.8	63,387.3
Net Income (Loss)	$ 333.4	($ 833.3)(A)	($ 688.8)(A)
Earnings (Loss) per share of common stock	$1.07	($2.83)(A)	($2.35)(A)
Unrealized gain from decline in purchasing power of dollars of net amounts owed		$ 657.3	$ 657.3
Excess of increase in general price level over increase in specific prices of inventory and property			$ 1,686.2 (B)

(A) These amounts will differ from those shown for constant dollar and current cost in Schedule A because a different base year (1967) has been used in Schedule A in order to illustrate the effect of changing prices in an alternative form.

(B) At December 31, 1981, current cost of inventory was $9,299.8 million and current cost of property (including special tools), net of accumulated depreciation and amortization, was $28,710.8 million. The current cost of property owned and the related depreciation and amortization expense were calculated by applying (1) selected producer price indices to historical book values of machinery and equipment and (2) the Marshall Valuation Service index to buildings, and the use of assessed values for land.

THE FINANCE COMMITTEE includes both employe and non-employe Directors and is responsible for the determination of financial policies and the management of financial affairs including matters such as capital requirements and dividend recommendations to the Board.

ROGER B. SMITH	HOWARD H. KEHRL
Chairman	F. JAMES McDONALD
	THOMAS A. MURPHY
JOHN T. CONNOR	ELLMORE C. PATTERSON
WALTER A. FALLON	EDMUND T. PRATT, JR.
CHARLES T. FISHER, III	GEORGE P. SHULTZ
ROBERT S. HATFIELD	F. ALAN SMITH

THE EXECUTIVE COMMITTEE is composed entirely of employe Directors and is responsible for determining operating policies, including product plans and the need for capital expenditures.

F. JAMES McDONALD	HOWARD H. KEHRL
Chairman	F. ALAN SMITH
REUBEN R. JENSEN	ROGER B. SMITH

THE AUDIT COMMITTEE, composed entirely of non-employe Directors, selects the independent public accountants annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the meeting. In addition, the Committee reviews the scope and results of the audits, the accounting principles being applied, the effectiveness of the internal controls, and, in its oversight role, assures that management fulfills its responsibilities in the preparation of the financial statements.

JOHN D. deBUTTS	JOHN J. HORAN
Chairman	W. EARLE McLAUGHLIN
ANNE L. ARMSTRONG	J. STANFORD SMITH
JAMES H. EVANS	LEON H. SULLIVAN
MARVIN L. GOLDBERGER	CHARLES H. TOWNES

THE PUBLIC POLICY COMMITTEE, composed entirely of non-employe Directors, inquires into every phase of Corporate activities that relate to public policy and makes appropriate recommendations to management or the full Board.

CATHERINE B. CLEARY	MARVIN L. GOLDBERGER
Chairman	EDMUND T. PRATT, JR.
	J. STANFORD SMITH
ANNE L. ARMSTRONG	LEON H. SULLIVAN
JOHN D. deBUTTS	CHARLES H. TOWNES

THE BONUS AND SALARY COMMITTEE, composed entirely of non-employe Directors, reviews executive compensation plans and benefit programs and determines compensation of Corporate officers and other members of the management group.

JOHN T. CONNOR	CHARLES T. FISHER, III
Chairman	ROBERT S. HATFIELD
JAMES H. EVANS	RAYMOND H. HERZOG
WALTER A. FALLON	ELLMORE C. PATTERSON

THE NOMINATING COMMITTEE, composed entirely of non-employe Directors, conducts continuing studies of the size and composition of the Board of Directors and recommends candidates for membership.

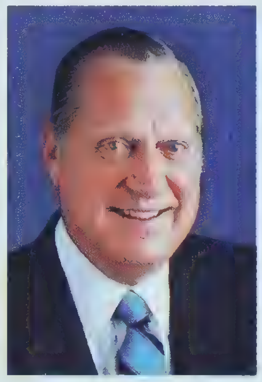
WALTER A. FALLON	JOHN D. deBUTTS
Chairman	CHARLES T. FISHER, III
CATHERINE B. CLEARY	ROBERT S. HATFIELD
JOHN T. CONNOR	ELLMORE C. PATTERSON

ANNE L. ARMSTRONG
Former U.S. Ambassador to Great Britain
Director—5 Years

CATHERINE B. CLEARY
Former Chairman of the Board, First Wisconsin Trust Company
(Trust Services)
Director—9 Years

JOHN T. CONNOR
Chairman of the Board, Schroders Incorporated
(Banking)
Director—16 Years

ROBERT S. HATFIELD
Former Chairman of the Board, The Continental Group, Inc.
(Packaging Products)
Director—8 Years

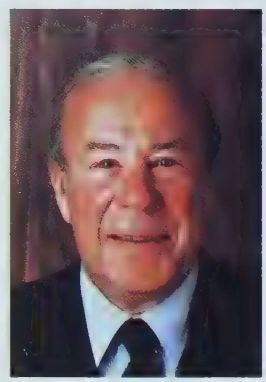


RAYMOND H. HERZOG
Former Chairman of the Board, Minnesota Mining and Manufacturing Company
(Household and Industrial Products)
Director—4 Years

JOHN J. HORAN
Chairman of the Board, Merck & Co., Inc.
(Health Products)
Director—2 Years

ELLMORE C. PATTERSON
Former Chairman of the Board, Morgan Guaranty Trust Company of New York
(Banking)
Director—8 Years

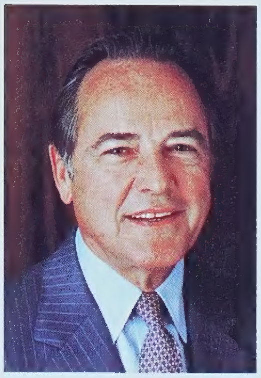
EDMUND T. PRATT, JR.
Chairman of the Board, Pfizer Inc.
(Pharmaceutical Products, Cosmetics, and Chemicals)
Director—5 Years



GEORGE P. SHULTZ
President, Bechtel Group, Inc.
(Engineering, Construction, and Management Services)
Joined Board in July 1981

BOARD OF DIRECTORS

JOHN D. deBUTTS
Former Chairman of the Board,
American Telephone and
Telegraph Company
(Communications)
Director—6 Years



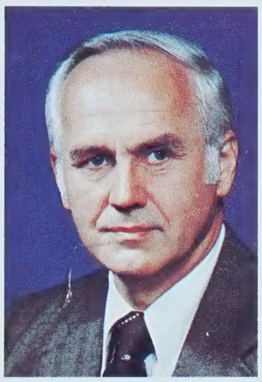
JAMES H. EVANS
Chairman of the Board,
Union Pacific Corporation
(Transportation, Energy,
and Natural Resources)
Director—2 Years

WALTER A. FALLON
Chairman of the Board,
Eastman Kodak Company
(Photographic Equipment,
Chemicals, and Fibers)
Director—9 Years

CHARLES T. FISHER, III
President,
National Bank of Detroit
(Banking)
Director—10 Years

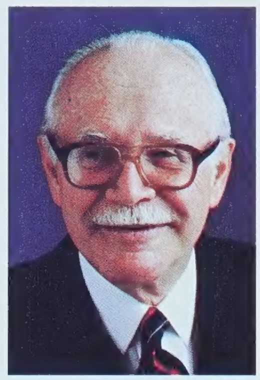
MARVIN L. GOLDBERGER
President, California
Institute of Technology
(Education)
Director—1 Year

REUBEN R. JENSEN
Executive Vice President,
Truck and Bus, Power Products,
and Components Operations
Service—36 Years
Director—7 Years

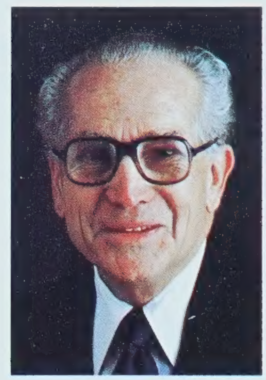


HOWARD H. KEHRL
Vice Chairman,
Board of Directors
Service—34 Years
Director—7 Years

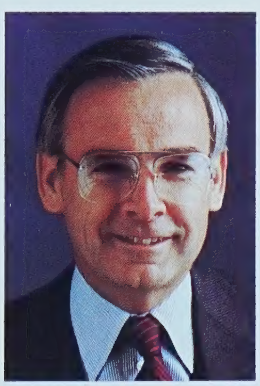
F. JAMES McDONALD
President and Chief
Operating Officer
Service—41 Years
Director—7 Years



W. EARLE McLAUGHLIN
Former Chairman of the Board,
The Royal Bank of Canada
(Banking)
Director—15 Years



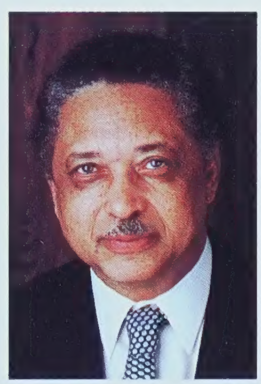
THOMAS A. MURPHY
Former Chairman,
Board of Directors
Director—10 Years



F. ALAN SMITH
Executive Vice President,
Finance
Service—26 Years
Director—1 Year

J. STANFORD SMITH
Former Chairman of the Board,
International Paper Company
(Paper and Wood Products)
Director—5 Years

ROGER B. SMITH
Chairman, Board of Directors
and Chief Executive Officer
Service—33 Years
Director—7 Years



LEON H. SULLIVAN
Pastor, Zion Baptist Church
of Philadelphia
Director—11 Years

CHARLES H. TOWNES
Professor, University of
California
(Physics)
Director—8 Years

OFFICERS

ROGER B. SMITH
Chairman and Chief Executive Officer

F. JAMES McDONALD
President and Chief Operating Officer

HOWARD H. KEHRL
Vice Chairman

EXECUTIVE VICE PRESIDENTS

REUBEN R. JENSEN

F. ALAN SMITH

VICE PRESIDENTS AND GROUP EXECUTIVES

DONALD J. ATWOOD
Truck and Bus Group

DAVID C. COLLIER
Operating Staffs Group

ALEXANDER A. CUNNINGHAM
Body and Assembly Group

EDWARD P. CZAPOR
Electrical Components Group

ALEX C. MAIR
Technical Staffs Group

DONALD H. McPHERSON
North American Car Group

PAUL D. PENDER
Mechanical Components Group

DAVID S. POTTER
Public Affairs Staffs Group

JAMES F. WATERS, JR.
Overseas Group

VICE PRESIDENTS

BETSY ANCKER-JOHNSON
Environmental Activities Staff

JOHN F. BECK
North American Vehicles Overseas

FERDINAND P. J. BEICKLER*
Managing Director
Adam Opel AG

ROBERT D. BURGER†
Assistant General Manager
Cadillac Motor Car Division

CHARLES S. CHAPMAN
Managing Director
General Motors-Holden's Limited

PAUL F. CHENEA
Research Laboratories

PATRICK J. COLETTA
General Manager
GM Assembly Division

ROBERT J. COOK
General Manager
Oldsmobile Division

ROBERT W. DECKER
Quality and Reliability

JOHN R. EDMAN
Financial Staff

STEPHEN H. FULLER
Personnel Administration and Development Staff

DONALD E. HACKWORTH
President and General Manager
General Motors of Canada Limited

PETER K. HOGLUND
General Manager
Electro-Motive Division

WILLIAM E. HOGLUND
General Manager
Pontiac Motor Division

CHARLES KATKO
General Manager
Fisher Body Division

EDWARD C. KENNARD
General Manager
Cadillac Motor Car Division

ROBERT D. LUND†
Sales and Marketing Staff

ROBERT F. MAGILL
Industry-Government Relations Staff

THOMAS O. MATHUES
Manufacturing Staff

JOHN P. McCORMACK
Joint Ventures and African Operations

JOHN W. McNULTY
Public Relations Staff

JOHN QUICK
Special Overseas Projects and Studies

LLOYD E. REUSS
General Manager
Buick Motor Division

IRVIN W. RYBICKI
Design Staff

JOSEPH J. SANCHEZ
Managing Director
General Motors do Brasil S.A.

HAROLD L. SMITH
General Manager
Detroit Diesel Allison Division

OTIS M. SMITH
General Counsel

ROBERT C. STEMPEL†
General Manager
Chevrolet Motor Division

ROBERT B. STONE
Materials Management Staff

ROBERT W. TRUXELL
General Manager
GMC Truck & Coach Division

JAMES G. VORHES
Consumer Relations and Service Staff

ALFRED S. WARREN, JR.
Industrial Relations Staff

MARINA v.N. WHITMAN
Chief Economist

FRANK J. WINCHELL
Engineering Staff

STAFF OFFICERS

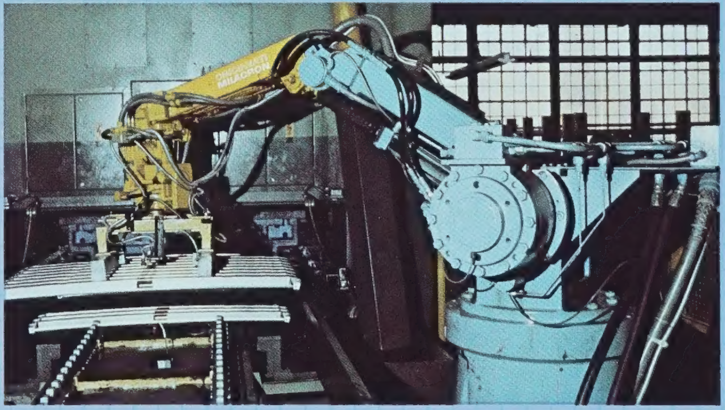
COURTNEY F. JONES†
Treasurer

ROBERT T. O'CONNELL†
Comptroller

CAROL M. CONKLIN
Secretary

**Effective February 5, 1982*
†Effective February 1, 1982

BEDFORD TM



GM's operations worldwide are undergoing technological transformation. Robots are in use at many locations, including the one above at Adam Opel AG in Ruesselsheim am Main, Federal Republic of Germany. Eight bumper beams are carried automatically by electromagnets from an indexing conveyor to a basket container. This robot eliminates cumbersome manual work, reduces noise, and improves container capacity utilization.

THE INSURANCE INSTITUTE FOR HIGHWAY SAFETY:

GM CARS RATED BEST

1978-80 Models with the BEST insurance injury claim experience

(A relative injury claim frequency of 100 is average)

Make	Body	Size	Relative Frequency
✔Oldsmobile Custom Cruiser	S.W.	I	58
✔Oldsmobile Toronado	Spec.	I	58
✔Buick Estate	S.W.	I	62
✔Oldsmobile 98	4 Dr.	I	62
✔Oldsmobile Cutlass	S.W.	C	65
✔Oldsmobile Omega	4 Dr.	SC	66
✔Chevrolet Caprice	S.W.	I	67
✔Pontiac Bonneville	S.W.	I	67
✔Oldsmobile Delta 88	4 Dr.	I	69
✔Pontiac Catalina	4 Dr.	I	69
✔Buick LeSabre	4 Dr.	I	73
Mercury Marquis	4 Dr.	I	74
✔Buick Century	S.W.	C	76
✔Chevrolet Malibu	S.W.	C	78
Mercury Zephyr	S.W.	SC	80
✔Buick Century	4 Dr.	C	83
✔Chevrolet Citation	4 Dr.	SC	83
Dodge Aspen	4 Dr.	I	84
Plymouth Volare	S.W.	I	87

1978-80 Models with the WORST insurance injury claim experience

(A relative injury claim frequency of 100 is average)

Make	Body	Size	Relative Frequency
Dodge Challenger†	2 Dr.	S	162
Fiat Brava	**	S	156
Toyota Corolla Tercel†	2 Dr.	S	153
Datsun 200SX†	2 Dr.	SS	150
Plymouth Sapporo†	2 Dr.	S	149
Plymouth Arrow†	2 Dr.	SS	148
Dodge Omni	2 Dr.	S	142
Honda Prelude†	2 Dr.	SS	140
Mazda GLC†	**	SS	139
Honda Civic†	2 Dr.	SS	135
Datsun 210†	**	SS	135
Plymouth Champ†	2 Dr.	SS	134
Mazda RX-7†	Sport	SS	132
Mercury Bobcat	2 Dr.	SS	131
Toyota Corolla†	**	SS	130
Ford Mustang	2 Dr.	S	128
Honda Civic†	S.W.	SS	119

†Japanese-made.

Source: Highway Loss Data Institute.
Car Sizes: I=Intermediate, C=Compact, SC=Small Compact, S=Subcompact, SS=Small Subcompact. Body Styles: SW=Station Wagon, Spec.=Specialty, **=Not determined.

The Insurance Institute for Highway Safety has ranked cars according to the frequency with which they are involved in accident injury claims.

We are pleased that GM cars (✔) are the highest in this rating.

We believe these results reflect not only our cars—their quality, size, weight, and design—*but how and where they are driven.*

It shows that our cars and customers go well together. We hope it will continue that way.

QUALITY *is more than skin deep. More people buy General Motors cars than those of any other manufacturer—and have for many years. These customers have their reason: they see greater value in GM cars. It may be reliability, durability, fuel economy, appearance, serviceability, or safety. But whatever their value perceptions—they have made us the world leader.*

Again, let us remind you...drive carefully and buckle up!

This advertisement appeared in more than 330 newspapers and magazines, with an estimated readership of better than 100 million. It is part of a continuing effort to emphasize the qualities of GM products which have made us the world's leading automotive manufacturer.

GM

General Motors

Chevrolet • Pontiac • Oldsmobile • Buick • Cadillac • GMC Truck

General Motors Corporation
Detroit, Michigan 48202

CADILLAC ELDORADO Touring Coupe